

Israel Is Prepared To Talk Peace With Jordan, Peres Says

WASHINGTON — Prime Minister Shimon Peres said Thursday that Israel was ready to meet Jordan without preconditions to consider any peace proposal offered by the Jordanians.

Mr. Peres made the statement after talks with President Ronald Reagan at the White House.

"We are ready to meet without preconditions without losing time, at any suitable occasion be it in Amman, in Jerusalem or Washington," he said.

"We are prepared to consider any proposal put forward by the Jordanians," he said. "With our hand of peace extended across the Jordan River we call upon our eastern neighbor to heed and accept this sincere invitation."

Mr. Reagan said Mr. Peres had made clear his desire for direct negotiations and noted that Jordan's King Hussein had welcomed talks with Israel when he visited Washington on Sept. 30.

Jordan earlier this year negotiated a joint position with Yasser Arafat, chairman of the Palestine Liberation Organization, for a Jordanian-Palestinian delegation to represent the two parties' positions.

But the chances of success for this initiative appeared minimal after recent events, including the Israeli attack on PLO headquarters in Tunisia on Oct. 1, the Palestinian hijacking of the Italian cruise ship Achille Lauro on Oct. 7, and this week's refusal by Britain to receive PLO members within the context of the Jordanian-Palestinian plan.

Hussein supported Britain's refusal, saying that London's interpretation of conditions for the meeting, which granted recognition of Israel's right to exist, had been fixed in advance. The PLO has denied this.

President Reagan, asked if the PLO still had a role in the Middle East peace process, said, "The less said the better."

Mr. Reagan said serious obstacles still had to be overcome but that chances for moving toward peace were better now than they might be in the future.

"This kind of determination and good faith gives the United States confidence that the hurdles to peace can be overcome," he said.

Mr. Reagan said he and Mr. Peres also discussed "the evil scourge of terrorism." He said, "Terrorism is the cynical, remorseless enemy of peace and it strikes most viciously whenever real progress seems possible."

"We need no further proof of this than the events of the past few weeks. The prime minister and I share the determination to see that terrorists are denied sanctuary and are justly punished," he said.

Mr. Peres, in a reference to the hijacking of the Achille Lauro, praised Mr. Reagan's "correct instincts and decisive reaction" in ordering the interception of the airliner carrying the hijackers out of Egypt.

He said Mr. Reagan had shown "great leadership and real courage."

Secretary of State George P. Shultz said earlier that the Reagan administration was determined to push ahead with a major arms sale to Jordan despite warnings of almost certain defeat in Congress.

Mr. Shultz insisted the sale was needed to advance the Middle East peace process, particularly in light of the Achille Lauro hijacking.

Hussein had continued working for peace despite growing Middle East terrorism, Mr. Shultz told the House Foreign Affairs Committee in urging them to approve the sale of \$1.9 billion worth of sophisticated jets and anti-aircraft defenses.

But key members of the strongly pro-Israeli committee told Mr. Shultz that defeat of the proposed sale was virtually certain.

(Reuters, AP)

Suicide Bomb Attack Kills 6 in Lebanon

By William Claiborne
Washington Post Service

JERUSALEM — Six persons, including four guerrillas, were killed Thursday when four suicide bombers with explosives strapped to their bodies detonated the bombs at a fundamentalist Christian radio station in southern Lebanon near the Israeli border.

The station was owned and operated by an American missionary organization.

A guard of the Israeli-backed South Lebanon Army militia and a civilian broadcast technician inside the station were killed in the attack, the Israeli Army command said. The building was heavily damaged.

The Lebanese cabinet met for the first time in two months to discuss a peace pact. Page 2.

by the estimated 200 pounds (90.6 kilograms) of explosives carried by the bombers, military sources said.

[The Lebanese Communist Party later claimed responsibility for the attack, United Press International reported from Beirut.

[The party's statement said that two of the four men who took part in the assault were Moaleen and two were Christian.

[The Communists are part of the Lebanese National Resistance, an umbrella group that has carried out suicide attacks on South Lebanon Army positions in the past.]

Israeli Army sources said the two South Lebanon Army guards posted at the radio station compound about one mile (1.6 kilometers) north of the border opened fire on the guerrillas as they ran toward the building. By firing, the sources said, the guards may have detonated the explosives carried by one of the attackers.

The other suicide attackers apparently detonated their explosives as they neared the building, the sources said. The attack occurred shortly after 1 A.M.

The radio station is not far from the site where 12 Israeli soldiers died on March 10 when a suicide truck bomber drove into a troop transport convoy.

The radio station began broadcasting in September 1979 with Israel's financial support. The Israeli Army earlier had installed Major Saad Haddad, the head of rightist Christian militia forces, in the border enclave in 1978.

Israel replaced Major Haddad, who died in January 1984, with General Antoine Lahad and the South Lebanon Army militia.

The station, called the Voice of Hope, was founded by George Otis, who runs an evangelical mission in California called High Adventure Ministries.

The Voice of Hope's transmitters beam a mixture of country music, inspirational biblical messages and news broadcasts that tend to favor the South Lebanon Army and an Israeli presence in southern Lebanon.

Before Israel's 1982 invasion, residents of Lebanese villages just north of the Litani River used to refer to the station as "The Voice of Death" because Major Haddad would go on the air to announce artillery bombardments a few minutes before his guns opened fire. The villages were targeted because they were inhabited by Palestine Liberation Organization guerrillas.

Because the Voice of Hope is financed and controlled by Americans, Lebanese officials have long resented what they view as U.S. government involvement in broadcasting pro-Israeli messages throughout Lebanon.

A spokesman for the Voice of Hope said the station planned to resume broadcasts soon with equipment borrowed from its affiliate, Middle East Television.

Claude Simon Gets Literature Nobel, First Frenchman to Win Since 1964

United Press International

STOCKHOLM — Claude Simon, the French novelist, won the 1985 Nobel prize for literature on Thursday, becoming the first French writer to win the literary world's highest distinction since Jean-Paul Sartre in 1964.

The Swedish Academy said Mr. Simon, 72, "combines the poet's and the painter's creativeness with a deepened awareness of time in the depiction of the human condition."

The announcement of the award was made in four languages by the academy's permanent secretary, Lars Gyllenstein, in the 18th-century stone building housing the academy and the stock exchange.

Mr. Gyllenstein, describing Mr. Simon's reaction to learning he won the prize, said, "He was happy and said he will be coming in December" for the awards ceremony, which is to be held in Stockholm on Dec. 10.

The prize carries an award of 1.8 million kronor, about \$225,000, this year.

No French author had been chosen for the prize since 1964, when it was declined by Sartre, who contended that naming a world champion in literature corrupts the recipient.

In 1969, the Irish writer Samuel Beckett, who lives in France and many of whose works were written in French, won the prize.

Mr. Simon, the 13th French winner since the prize was first awarded in 1901, also is a playwright and essayist. The academy has considered him for the prize for the past three years.

Mr. Simon's British publisher, John Calder, said, "For 30 years we have supported the outstanding contemporary French school of fiction known as the *nouveau roman*. Now at last this much respected but considered uncommercial school has won the Nobel prize in the person of its oldest member."

The academy said that Mr. Simon's best known work is "The Flanders Road." Published in (Continued on Page 5, Col. 1)



Claude Simon at his home in the south of France after the announcement that he had won the Nobel prize.

Craxi, Criticizing U.S., Quits Over Hijacking

By Loren Jenkins
Washington Post Service

ROME — One of Italy's most stable postwar governments collapsed Thursday following internal political divisions and U.S. criticism arising from its handling of last week's hijacking of the Italian cruise ship the Achille Lauro.

Prime Minister Bettino Craxi, whose five-party coalition govern-

ment was just 29 days short of being the longest-lasting Italian government since World War II, submitted his resignation to President Francesco Cossiga after delivering a long defense of his government's actions to the Chamber of Deputies.

The prime minister said that U.S. criticism of his handling of the hijacking "could not but provoke the strongest and displeased surprise as well as a feeling of bitterness."

Mr. Cossiga accepted Mr. Craxi's resignation but asked him to stay on in a caretaker role pending consultations with party leaders about the designation of a new prime minister. Italian analysts say that Mr. Cossiga may ask Mr. Craxi to try to form a new government.

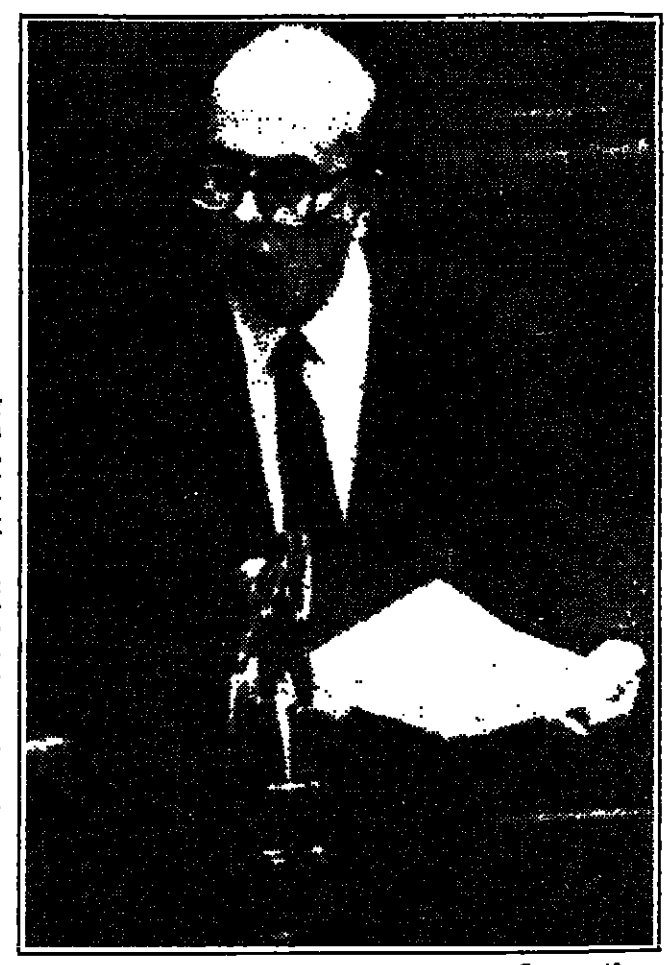
The government's collapse became inevitable Wednesday when Defense Minister Giovanni Spadolini, the head of the small but influential and pro-U.S. Republican Party, announced that he and the two other Republican ministers in the government were resigning because of the government's handling of the affair.

Mr. Spadolini also cited Mr. Craxi's failure to consult with his coalition partners at the height of the crisis with the United States over its demands to extradite Mohammed Abbas, the Palestinian official who negotiated the hijackers' surrender.

In a 40-minute speech before parliament, Mr. Craxi criticized the "polemical tone" of the U.S. reaction to Italy's handling of the hijacking and its aftermath and said that Washington's criticism could only be the result of "an incomplete assessment of the facts and the circumstances."

He defended the legal grounds on which he allowed Mr. Abbas to leave Italy last Saturday despite strong demands from Washington that he be arrested pending extradition on charges of having masterminded the hijack.

At the same time, Mr. Craxi added new details of the hijacking. He said that not only did the United States force an Egyptian Boeing 737 with the hijackers and Mr. Abbas on board to land on Italian soil on Oct. 11 after it was intercepted by U.S. Navy jets, but, without permission, it also landed (Continued on Page 5, Col. 4)



Prime Minister Bettino Craxi of Italy bitterly attacked the United States in the Chamber of Deputies on Thursday before he formally presented his government's resignation.

Marcos, Reagan Emissary Discuss Concerns About Manila's Stability

By Abby Tan
Washington Post Service

MANILA — President Ferdinand E. Marcos said Thursday that he had a "frank exchange of views" with President Ronald Reagan's special emissary, Senator Paul Laxalt, over U.S. concerns that his regime is seriously threatened by a long-running Communist insurgency.

Mr. Marcos made the statement when he emerged from a meeting with Mr. Laxalt at the presidential palace. Stephen Bosworth, the U.S. ambassador to the Philippines, also was present at the meeting.

Mr. Laxalt, a close friend of Mr. Reagan, was sent to express U.S. fears that Mr. Marcos's 20-year regime risked being overthrown unless meaningful economic and political reforms were achieved. The growing Communist insurgency reportedly is threatening the security of two large U.S. military bases here.

The senator's visit was the most significant step by the U.S. administration in reassessing its ties with the Philippines. It reflects growing Washington impatience with Mr. Marcos, who seems unable or reluctant to institute changes.

A spokesman for Mr. Marcos quoted him as saying that he and Mr. Laxalt "took up points where there may be some anticipated conflict in the national interest of both the Philippines and the U.S." and that "both agreed that the Philippines will have to take care of its national interests."

"This is the first guideline in any foreign policy," Mr. Marcos said.

Mr. Marcos has expressed resentment over U.S. efforts to seek a shift in Philippine policy. The Reagan administration has pressed Mr. Marcos to dismantle economic monopolies in the hands of his close friends as well as to carry out military reforms to strengthen the armed forces.

Mr. Marcos said that he and Mr. Laxalt also discussed the treaties between the two countries.

The Philippines and the United States are bound by a mutual defense treaty and a bases agreement covering the use of two military bases in the country, which are the largest outside the United States. The United States has hinted that it might move the bases to the Mariana Islands if the Philippines became too unstable.

Mr. Laxalt left for Washington on Thursday. The senator, chairman of the Republican Party, said he would report to Mr. Reagan first before he commented on his meetings with Mr. Marcos.

The U.S. Embassy in Manila said the meetings were "cordial and mutually beneficial as befitting discussions among long-standing allies and friends."

■ **Soldiers Blamed in Killings**
The head of a military team (Continued on Page 5, Col. 2)

Shultz Persuaded Reagan To Observe Limits on SDI

By Don Oberdorfer
Washington Post Service

WASHINGTON — Secretary of State George P. Shultz persuaded President Ronald Reagan to preserve key limits of the Anti-Ballistic Missile Treaty in an emotionally charged meeting with a few top officials at the White House last Friday, administration sources say.

Mr. Reagan's decision, announced Monday by Mr. Shultz, partially reversed a shift in policy concerning work on a U.S.-based anti-missile system announced a week earlier by Robert C. McFarlane. White House national security adviser, and strongly advocated by Defense Secretary Caspar W. Weinberger.

Mr. Shultz, Mr. McFarlane, Mr. Weinberger and Director Kenneth L. Adelman of the Arms Control and Disarmament Agency are reported to have been the only officials present with Mr. Reagan when a new ABM policy was formulated in what one administration source called a "knock-down, drag-out meeting."

CBS News reported Wednesday night that Mr. Shultz prevailed after "a subtle threat of resignation" was conveyed to the White House. CBS said that Mr. Shultz had told close associates "that unless he's allowed greater input on crucial decisions concerning arms control, his very presence in the administration could be in question."

A State Department spokesman quoted Mr. Shultz as saying the CBS account was "nonsense."

Edward P. Djerejian, the deputy White House press secretary, said Thursday that the reports were "very inaccurate in almost every respect." The Associated Press reported from Washington, He said the question of Mr. Shultz threatening to resign was "sheer fantasy."

Previously, the 1972 ABM treaty had been construed by the United States as limiting testing and development of anti-ballistic missile systems based on exotic technologies such as lasers and directed energy weapons. Many elements of Mr. Reagan's Strategic Defense Initiative are based on such technology.

A new Pentagon legal study argued that the Soviet negotiators in 1969-72 never accepted the limits on exotic technology and therefore the United States was not bound to do so. This position, which had not yet been formally accepted within the administration, was unexpectedly made public by Mr. McFarlane on Oct. 6 and affirmed as administration policy in a briefing two days later.

The White House meeting took place Friday as Mr. Shultz prepared to speak Monday to a San Francisco meeting of legislators from North Atlantic Treaty Organization countries. Mr. Shultz also was preparing to fly from San Francisco to Brussels to see NATO foreign ministers, who were showing signs of dismay about the new ABM stance.

As a result of the meeting, Mr. Shultz was able to tell both groups that Mr. Reagan had decided to continue to conduct the Strategic Defense Initiative program "in accordance with a restrictive interpretation" of the ABM treaty even though the administration believed that the new interpretation was "fully justified."

In effect, Mr. Shultz said that Mr. Reagan agreed with the new legal interpretation, which would allow virtually unrestricted testing and development of space-based weapons, but would continue to pursue the program under greater restrictions as a measure of voluntary self-restraint.

Mr. Shultz suggested that the self-restraint would not end soon. He said in Brussels that "we have designed our research program to fall within the narrower definition of the ABM treaty's provisions, and we intend to keep it that way."

Assistant Secretary of Defense Richard N. Perle, whose office originated the new legal interpretation, said Wednesday that "with respect to the future, it remains to be seen" whether the United States will continue to accept a restrictive interpretation of the treaty.

U.S. Growth Rate Expanded to 3.3% in Summer

By Martin Crutsinger
The Associated Press

WASHINGTON — The economy, after six months of disappointing growth, picked up steam during the summer, but the pace still remained below the rebound predicted by the Reagan administration, the government reported Thursday.

The Commerce Department said that the gross national product, the broadest measure of economic health, grew at a 3.3-percent annual rate from July through September.

This represented a three-fold increase over the anemic 1.1-percent growth rate turned in during the first six months of the year.

In a separate report, the department said that construction of new houses and apartments plunged 9.3 percent in September, the biggest drop since May.

The sharp decline lowered the annual building rate to a seasonally adjusted 1.58 million units last month, the slowest since October 1984. It followed a rate of 1.75 million units in August.

The GNP figure represented an upward revision from an initial "flash" estimate made last month, which put third-quarter growth at 2.8 percent.

However, the administration was predicting growth in the second half of the year would increase five-fold. On the basis of this optimism, the administration forecast growth for the entire year of 3 percent.

But private economists are saying growth will average only around 2 percent this year, a sluggish rate that would qualify as a "growth recession," a period when economic activity picks up so slowly that unemployment rises.

While the economy strengthened in the July-September quarter, many private economists are worried that growth will slacken again in the final three months.

They base their concern on the belief that little has been done to solve one of the country's biggest problems, a flood of foreign imports cutting into sales of U.S. manufacturers.

The weakness in manufacturing has dampened overall growth as both income and employment have shown little improvement this year.

The GNP report showed that inflation remained well under control during the summer.

Another inflation measure, which is tied to the GNP and measures a fixed group of items, rose at an annual rate of 2.9 percent in the July-September quarter, down from a 3.9-percent rate of increase in the second quarter. That had been the best inflation performance in more than 13 years.

The upturn in economic activity in the third quarter followed a barely perceptible 0.3-percent growth rate in the first three months of the year and a slightly better 1.9-percent rate in the second quarter.

The changes in the GNP were expressed with the effects of inflation taken out. These changes left the inflation-adjusted GNP at an annual level of \$1.68 trillion.

Before inflation was removed, the GNP grew at an annual rate of 6.7 percent in the third quarter following a 4.5-percent second-quarter rise. The changes left the current-dollar GNP at a level of \$3.92 trillion in the third quarter.

With inflation taken out, the GNP grew at an estimated annual rate of 1.8 percent in the first nine months of this year, close to the 2-percent annual growth predicted by many private analysts.

To reach the administration's 3-percent projection, growth in the October-December quarter would have to soar at a 6.7-percent pace.

Private analysts are divided about the economy's future. Some predict strengthening based on strong consumer demand during the Christmas buying season. Others see a slight drop from the third-quarter level based on the belief that many consumers will curtail buying because of their large debts.



St. Louis won the National League baseball championship to set up a World Series with Kansas City. Page 17.

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Ancient Plague Is Reported Similar to Toxic Shock

Reuters

BOSTON — A plague that swept Athens from 430 to 427 B.C., killing tens of thousands of people and paving the way for the ancient city's decline, was caused by a disease similar to toxic shock syndrome, a team of medical researchers concluded in a report published Thursday.

Using a detailed description of the epidemic written by Thucydides, a general who survived an attack of the disease, the team contended that the victims had died from a combination of influenza and infection by staphylococcus bacteria.

The initial influenza infection allowed the staphylococcus bacteria to grow in the membranes of the respiratory system and in skin wounds, they said. The bacteria, in turn, released poisons that proved fatal to many of the victims.

The research team, led by two doctors, Alexander Longmuir, a retired chief of epidemiology at the U.S. Centers for Disease Control in Atlanta, and Thomas Worthen, of the University of Arizona, said the mechanism is similar to the one that kills in toxic shock syndrome.

Toxic shock is caused by a poison produced by a form of the staphylococcus bacterium. Victims suffer fever, low blood pressure, a rash and occasionally gangrene.

The syndrome was recognized in 1978, shortly before an outbreak in the United States linked it to the use of highly absorbent tampons.

The researchers, writing in the New England Journal of Medicine, also suggested that the disease responsible for the Athens plague may still exist.

"It may be present now at such low frequency that no one has yet identified a sufficient number of cases" to recognize it as a separate disease, they said. Because both the influenza virus and the staphylococcus bacterium can easily change from one form to another, the disease "may reappear as a minor or even major manifestation in some future epidemic or pandemic of influenza," the team warned.

According to Thucydides' account, a victim developed fever, redness of the eyes, tongue and throat, a violent cough, vomiting, diarrhea, blistering skin, open sores and an extreme sensitivity to touch. In some cases, sufferers lost fingers, toes or genitals. There were cases of blindness and severe amnesia.

With a death rate of 33 percent, the city was ill-prepared to fight its war with Sparta, and its cultural dominance began to fade.

Previous investigators have suggested that smallpox, scarlet fever, measles, typhoid fever and other diseases caused the plague.

Israelis Release Tape of Abbas, Say It Shows He Ran Hijacking

By William Claiborne
Washington Post Service

JERUSALEM — Israel has released a partial transcript of a ship-to-shore telephone conversation between a Palestinian guerrilla leader, Mohammed Abbas, and the hijackers of the Achille Lauro that it said proved Mr. Abbas was in control of the hijackers at least during one stage of the crisis.

The Israeli Army command said Wednesday that intelligence officers had given the transcript to the Italian authorities before Mr. Abbas was allowed to leave Italy for Yugoslavia on Saturday night, ostensibly because there was a lack of evidence linking him to the hijackers.

An army spokesman said the transcript was being released in response to requests by reporters seeking evidence to support an Israeli claim that Mr. Abbas was not only a negotiator in the surrender of the hijackers to Egyptian authorities in Port Said, but was a key figure in the ship's takeover.

[In Yugoslavia, the government Thursday formally rejected a U.S. request for the extradition of Mr. Abbas, who was believed to have left the country Monday. The Associated Press reported from Belgrade.

[The government called the ex-

tradition request "legally unfounded." Mr. Abbas had flown to Yugoslavia after Italian authorities also declined to hold him.]

The transcript of a conversation that the Israeli spokesman said took place Oct. 9 showed that Mr. Abbas told the four hijackers not to harm the passengers and to apologize to them and to the ship's crew and captain. An American passenger, Leon Klinghoffer, 69, was killed Oct. 8.

The transcript quotes Mr. Abbas as telling the hijackers to explain to those on board that "our objective" was not to hijack the vessel. The group Mr. Abbas heads, the Palestine Liberation Front, has previously said the original plan was to use the vessel to infiltrate guerrillas into Israel. The front is a faction of the Palestine Liberation Organization, which is headed by Yasser Arafat.

Until Wednesday night, Israel had refused to provide details of Mr. Abbas' alleged involvement, saying that to do so would compromise intelligence sources. The Israeli government has not supplied evidence connecting Mr. Arafat with the incident.

The English-language transcript, which an army command spokesman said was "part of a conversation" as the Achille Lauro lay at anchor off Port Said, suggested that Mr. Abbas knew the hijackers by name.

Mr. Abbas is quoted as saying: "Listen to me well. First of all, the passengers should be treated very well. In addition, you must apologize to them and tell them our objective was not to take control of the ship. Tell them what your main objective is. Can you hear me well?"

The answer from the hijacker identified as "Majed" was: "Right, we talked to them and we told them that our objective was not to take control of the ship, Roger?"

Israeli officials have maintained that Mr. Abbas, in league with Mr. Arafat, planned to place the hijackers aboard the Italian ship with the intent of infiltrating them into the Israeli port of Ashdod for a terror operation.

Mr. Abbas and other leaders of the Palestine Liberation Front had already admitted that the hijackers had planned to land at Ashdod. They said the gunmen seized the ship only after they were discovered by the ship's crewmen.

Shipboard Investigation

John Tagliabue of The New York Times reported from Genoa, Italy:

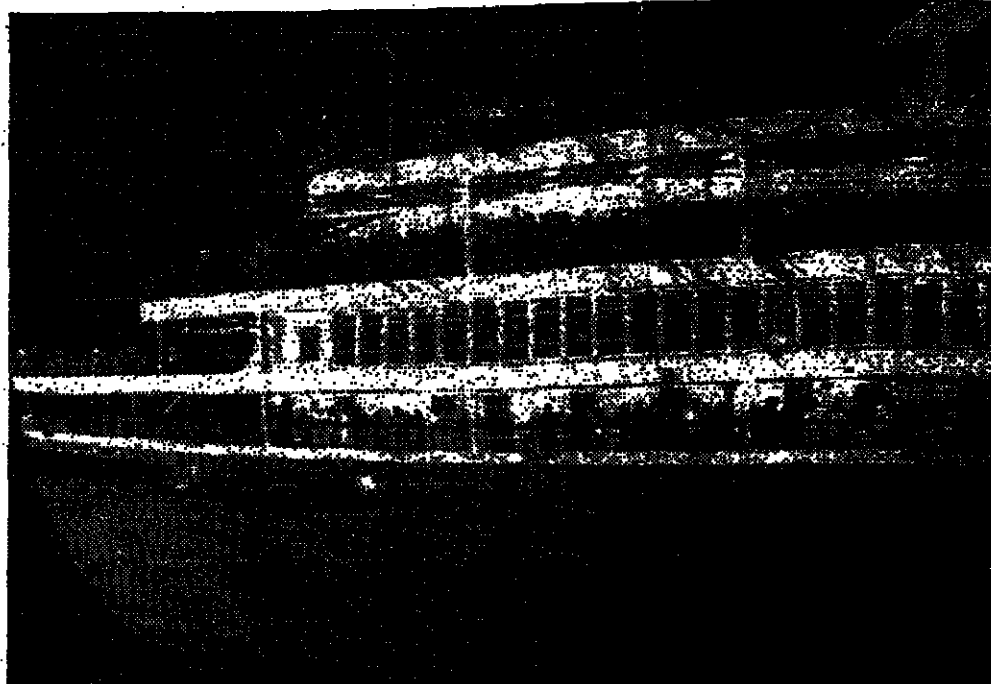
Officials said that 24 Italian prosecutors, magistrates and police officials boarded the Achille Lauro at sea as it headed for its home port at Genoa.

The decision to begin the investigation of the hijacking and the killing of an American even before the ship reached land reflected the sense of urgency surrounding the case, which has cast a shadow over the close ties between Italy and the United States.

The investigation is being handled by prosecutors from Genoa, where the Achille Lauro set out Oct. 3 for an 11-day Mediterranean cruise, and from Catania, Sicily, where the four hijacking suspects were arrested last Friday after an airliner carrying them from Cairo was forced down.



Leon Klinghoffer posed for this picture by a friend on the Achille Lauro last week. Mr. Klinghoffer, who was partly paralyzed because of a stroke, was killed by the hijackers.



The Achille Lauro pulled into the dock at Genoa on Thursday to end an 11-day ordeal after being hijacked in the Mediterranean. The cruise ship carried more than 400 passengers.

UN Assembly Rejects Arab Attempt to Oust Israel

By Elaine Sciolino

New York Times Service

UNITED NATIONS — The General Assembly has rejected an attempt by 18 Arab delegations to challenge Israel's seat in the 159-nation body. All the Arab members, except Egypt, Jordan and Oman, cosponsored the challenge Wednesday.

The move to oust Israel from the General Assembly has become an annual effort since it was first tried by Libya four years ago, but the effort had been all but abandoned by Arab countries because of lack of support by member nations.

The challenge sponsored Wednesday, which followed a decision last week at a meeting of the 21-member "Arab group," was an attempt to prevent Iran from introducing the issue as it has for the last three years. Iran has persistently attacked Arab reluctance to challenge Israel as "un-Islamic" behavior.

"We did not want Iran to make the challenge in the name of Islam," said Clovis Maksoud, the Arab League's permanent UN observer. "We had to co-opt Iran."

The move also was intended to refocus attention on Israel's air raid on the Tunisian headquarters of the Palestine Liberation Organization two weeks ago. The raid was condemned unanimously by the

Security Council, with the United States abstaining.

"Because of the Tunisia raid, we thought it was high time to give a message to the world about continuing Israeli expansionism," said Kuwait's chief delegate to the Arab group this month, Mohammad Abulhasan.

South Africa is the only UN member whose credentials have been rejected. Although South Africa remains a member, it has not participated in General Assembly proceedings since 1974, when its credentials were successfully challenged because of its system of apartheid.

The United States has repeatedly threatened to walk out of the United Nations and withhold its annual contribution, which amounts to 25 percent of the UN budget, if Israel's credentials are rejected.

Several Arab diplomats said they believed their challenge, which came in the form of an amendment to the report of the Credentials Committee, would gain a few more votes this year because of its Arab sponsorship.

But the vote, which was taken on a procedural maneuver introduced by Sweden to prevent the introduction of the Arab amendment, was 80 in favor of not taking action on the Arab proposal and 41 opposed, with 20 abstentions.

The vote was almost identical to last year's result, when 80 members opposed Iran's initiative to oust Israel, 40 were in favor and 23 abstained.

In a news conference after the assembly vote, Benjamin Netanyahu, Israel's chief delegate, called it a "significant defeat" for its Arab sponsors, especially because they were unable to command bigger support than last year.

The challenge was regarded by both Western and Third World diplomats as a largely symbolic gesture that the Arabs never intended to pass. They pointed out that Arab delegations had done little lobbying to persuade others to vote for their amendment.

"The last thing the Arabs want is Israel's expulsion from the United Nations," a Western delegate said. Even Kuwait's Mr. Abulhasan said, "You could call it a symbolic gesture."

In recent Security Council debates on the Israeli raid and the Palestinian question, Arab delegations overwhelmingly repeated their call for an international conference with the participation of all concerned parties under the auspices of the United Nations.

Jordan and Oman refrained from cosponsoring the amendment because the expulsion of Israel would be "inconsistent" with the

call for an international conference, which would include Israel, an Arab delegate said.

Algeria Won't Attend

President Chadli Bendjedid of Algeria has canceled plans to attend the United Nations' 40th anniversary ceremonies because the leaders of the Palestine Liberation Organization and the South-West Africa People's Organization have been excluded. The Associated Press reported from Algiers.

Algeria's Foreign Ministry described the decision not to invite Yasser Arafat, the PLO chairman, and Sam Nujoma, SWAPO's leader, as "unfortunate and unjust."

Ministers In Lebanon Review Pact

United Press International

BEIRUT — The Lebanese cabinet met Thursday for the first time in two months as fighting broke out along the city's Green Line despite a cease-fire agreement between Christian and Muslim militia leaders.

The cabinet meeting was called to discuss the peace agreement and create a new blueprint for Lebanese political life. Absent were Nabih Berri, head of the Shiite Muslim militia Amal, and Walid Jumblatt, who heads a leftist Druze Muslim militia.

Both ministers have boycotted most of this year's meetings because of differences with President Amin Gemayel, a Christian.

Finance Minister Camille Chamoun, 85, a Christian and former president, attended the cabinet meeting. There had been speculation that he, too, might boycott the session.

Sporadic factional clashes continued along the Green Line despite a tentative accord reached between the Christian Lebanese Forces militia, Amal and the Druze-led Progressive Socialist Party militia. No casualties were reported.

Militia sources said they sent field commanders to trouble spots on the Green Line, which separates Beirut into Muslim and Christian sectors, to prevent the fighting from escalating.

Prime Minister Rashid Karami, a Sunni Muslim, called the cabinet session after meeting with Mr. Gemayel for the first time since heavy fighting between rival Muslim militias erupted in Tripoli in September.

Details of the pact are expected to be released after it is signed, according to newspaper reports.

In the past, similar agreements between rival politicians collapsed. But the accord between the militias is the first of its kind since they rose to prominence after Israel invaded Lebanon in 1982.

Beirut's leftist As Safir newspaper said that Mr. Gemayel would examine the agreement Saturday at a meeting with President Hafez al-Assad of Syria in Damascus. Mr. Gemayel then may call for a "national reconciliation" conference of leading politicians, the paper said.

The Syrian government, the main power broker in Lebanon, has 26,000 troops stationed in the northern and eastern regions.

WORLD BRIEFS

Portuguese Envoy Protests Shooting

HELSINKI (Reuters) — The Portuguese ambassador to Finland protested on Thursday an incident in which Finnish police shot at his car as he tried to drive away from a roadblock, an embassy spokesman said.

Ambassador Antonio Cabral de Moncada personally delivered the protest to the Finnish Foreign Ministry, the spokesman said. He declined to give details.

Finland's Foreign Ministry said police had shot at the ambassador's car Friday night, puncturing one of its tires, after the ambassador refused to obey an order to stop out and tried to drive away. Finnish police said the envoy was driving dangerously, but the spokesman for the Portuguese Embassy denied that.

U.K. Charges 4 Sikhs in Gandhi Plot

LEICESTER, England (Combined Dispatches) — Four members of Britain's Sikh community were charged in court Thursday with plotting to murder Prime Minister Rajiv Gandhi of India during his visit to Britain this week, court sources said.

The accused were among 15 Indians detained under the Prevention of Terrorism Act before Mr. Gandhi arrived Monday for a two-day visit. The other 11 were later released. The police announced the alleged plot Wednesday night, 24 hours after Mr. Gandhi's departure for a Commonwealth meeting in the Bahamas.

One of the defendants, Jarnail Singh Ramana, 45, a company director, was also charged with illegal possession of a revolver. The other accused were identified as Sukhvinder Singh Gill, 30, a dyer; Harmandir Singh Rai, 30, a company director; and Parmatma Singh Marwaha, 43, a factory owner.

(Reuters, AP)

Progress Reported in Duarte Case

SAN SALVADOR (NYT) — The archbishop of San Salvador has said that the kidnapping of President Jose Napoleón Duarte's daughter could be resolved by the end of this week.

Archbishop Arturo Rivera y Damas said Wednesday that he had met twice in four days with senior commanders of the Farabundo Martí National Liberation Front, hoping to negotiate the release of Mrs. Graciela Duarte Durán. He said he believed the "substantial part" of the abduction was resolved, apparently referring to the kidnappers' demand that the government account for 34 guerrillas they contend are in government hands.

Mrs. Duarte Durán was kidnapped with a friend, Ana Cecilia Villeda, by a group of armed rebels in central San Salvador on Sept. 10. It was believed that they were being held in a guerrilla-controlled area north of the capital.

Arturo Rivera y Damas

St. Lawrence Seaway Still Blocked

THOROLD, Canada (AP) — Officials with the St. Lawrence Seaway said Thursday it would take a week to estimate how long a collapsed lock would keep the waterway closed. The closure has forced shipping companies to dock more than 60 ships and lay off workers.

A spokesman for the Seaway Authority said work began Thursday to build a structure to stabilize a weakened wall and allow closer inspection of the damage. A 125-foot (38-meter) section of the lock's concrete wall caved in Monday, halting traffic in both directions.

Eight ships were in the canal Thursday, 20 were at anchor in Lake Ontario and seven were waiting in Lake Erie to enter the canal. About 30 ships were docked along the seaway. Idling the vessels costs an estimated \$10,000 to \$20,000 per ship each day.

Democrats Unveil Plan on U.S. Trade

WASHINGTON (AP) — Democrats in the House of Representatives unveiled wide-ranging recommendations Thursday to close the \$150-billion trade deficit of the United States by cutting the value of the dollar and beefing up exports.

The plan, put together by the House Democratic Trade Task Force, stopped short of calling for retaliatory tariffs and quotas, an issue that has split the party. Representative Bill Alexander, a Democrat of Arkansas, said the package would block U.S. participation in any new round of the dollar. He called the plan "an alternative to protectionism."

The outline also calls for \$500 million in export financing, which is \$200 million above the Reagan administration plan, as well as streamlining of export controls, stepped up action against unfair trade practices abroad and a reshaping of aid to those left jobless by the current surge in imports. The Democrats also said that they "support achieving a balanced budget within five years to remove some of the pressure on interest rates and help moderate the value of the dollar."

U.K. Plans New Hong Kong Passport

HONG KONG (APF) — Britain announced Thursday it would issue to 3.3 million Hong Kong citizens a new British travel document for use after 1997 when the colony is to revert to Chinese rule.

The new passport will give them the status of British Nationals (Overseas) but would give no right of abode in Britain, according to the announcement.

For the Record

Mechanics aboard the protest vessel Greenpeace have made temporary repairs to a broken generator that would allow it to leave Polynesia, a spokesman for the environmental organization said.

Bulgaria, Congo, Ghana, the United Arab Emirates and Venezuela were elected Thursday by the UN General Assembly to two-year terms on the Security Council, beginning in January 1986.

Pope John Paul II met with the Tunisian prime minister, Mohamed Mzali, on Thursday, the Vatican said.

Doctors can legally prescribe birth-control pills and other contraceptives to girls under 16 without parental consent, Britain's highest court ruled Thursday.

Former Senator James Buckley of New York has been named by President Ronald Reagan to the U.S. Circuit Court of Appeals for the District of Columbia.

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Nicaraguan Opposition Is Divided on Impact of Curbs on Civil Rights

By Stephen Kinzer
New York Times Service

MANAGUA — Opposition activists are divided on the impact of the government's announcement Tuesday that it was imposing sweeping restrictions on civil rights.

Some activists said they feared the restrictions would mean the end of political debate in Nicaragua, but others said the new measures might not have so drastic an impact.

In some cases, the decree merely formalizes what has been standard practice. For example, many political activists say their mail has been monitored for years.

The right to assembly, officially guaranteed until now, has been limited in practice because the government has prohibited some meetings and pro-government demonstrators have disrupted others.

Some leading domestic critics of the governing Sandinist Front said that the new decree would severely hamper their work.

"The peaceful, civic struggle inside Nicaragua is over," said Enrique Sotelo Borge, a Conservative politician who is a member of the National Assembly. "The freedoms that were once limited are now eliminated entirely."

Several anti-Sandinist politicians said that if the new measures eliminate the possibility of political opposition, the measures will likely prompt more Nicaraguans who dislike the government to take up arms alongside U.S.-backed insurgents.

The emergence of militant protests by labor unions controlled by the Socialist and Communist parties was said to have been a factor.

On Tuesday, apparently acting under provisions of the new decree, government agents seized the first edition of a newspaper published by the Roman Catholic Church and said they would not permit subsequent editions. An Interior Ministry communiqué said the paper contained material that was "not religious but highly political."

Church to Speak Out

The Catholic Church will speak out in Nicaragua, "from the pulpit" despite the suspension of free speech, the archbishop of Managua, Cardinal Miguel Obando y Bravo, said Wednesday, Agencia France-Press reported from Managua.

Cardinal Obando y Bravo said that the suspension of constitutional guarantees is a "disquieting measure and a step toward totalitarianism, but we will deliver our message from the pulpit."

Visa Delay Alleged

The Sandinist government has accused the United States of unnecessary delays in issuing a visa to allow President Daniel Ortega Saavedra to visit the United Nations. It called the delay "another trampling of the dignity of our country."

But on Thursday, the State Department said the Sandinist leader would have the visa before his scheduled departure Friday.

Foreign Minister Miguel D'Escoto Brockmann had sent a note of



Daniel Ortega Saavedra

protest Wednesday to Secretary of State George P. Shultz, noting that the request had been made "days ago" and that no answer or acknowledgment had been received.

U.S. officials, who asked not to be identified, conceded that the administration had been slow to act on Mr. Ortega's application, partly because of his planned appearances in other U.S. cities.

They said it was unclear whether the administration would restrict Mr. Ortega's visit to his UN appearance or allow him to visit the other points on his itinerary.

Some officials have contended that no U.S. purpose would be served by permitting Mr. Ortega to keep his appointments outside New York, while others have said he should be allowed to travel, according to the sources.

But a Nicaraguan Embassy spokeswoman, Sarali Porta, said that Mr. Ortega had dropped his plans to travel outside New York.

Utah Police Tie Mormon Hurt in Blast To 2 Deaths

The Associated Press

SALT LAKE CITY — A Mormon researcher, seriously injured when a bomb exploded in his car, has been accused by the police of responsibility for two fatal explosions linked to a disputed account of the church's origins.

The police said Mark W. Hofmann was expected to be charged with violation of U.S. firearms and explosives laws in connection with Tuesday's bomb deaths of a Mormon bishop and the wife of another church history enthusiast.

They said they believed the bomb that exploded in Mr. Hofmann's car went off accidentally.

Mr. Hofmann was blown from his parked car in Salt Lake City on Wednesday afternoon. He was listed in serious but stable condition Thursday at a local hospital.

In 1984, Mr. Hofmann reportedly sold the bishop, Steven F. Christensen, a document called the "Salamander Letter," which challenges official accounts of the founding of the church, known formally as the Church of Jesus Christ of Latter-day Saints.

Police were unclear about what the motive might have been for the two bombings.

But friends and associates said that Mr. Hofmann became distraught when Mr. Christensen could not make payment on an expensive document they believe he had agreed to buy.

Searches of Mr. Hofmann's home and car uncovered evidence linking him to Tuesday's bombings, the police said. Mr. Hofmann is a former Mormon missionary and dealer in historical documents.

The police said it was possible that others may have been involved in the bombings that killed Bishop Christensen and Kathy Sheets, 50, the wife of J. Gary Sheets, a former business associate of the bishop who helped finance a \$30,000 study to determine the authenticity of the "Salamander Letter."

The letter, which Mr. Hofmann reportedly sold to the bishop for \$40,000, questions accounts of how the church's founder, Joseph Smith, acquired gold plates he claimed to have translated into the "Book of Mormon," the faith's most treasured scripture.

Bishop Christensen turned the letter over to leaders of the Mormon Church in early 1984. Its authenticity is a matter of debate.

The reference to a salamander came from an assertion in the letter that Smith was prevented at first from gaining possession of the plates by an "old spirit" that had transformed itself from a white salamander.

After Tuesday's explosions, the police said at first that they were focusing their investigations on CFS Financial Corp., a financially troubled investment company founded 12 years ago by Mr. Sheets.

But the authorities also began looking at the "Salamander Letter" connection and said they were searching for Mr. Hofmann as a suspect at the time of the apparently accidental explosion.



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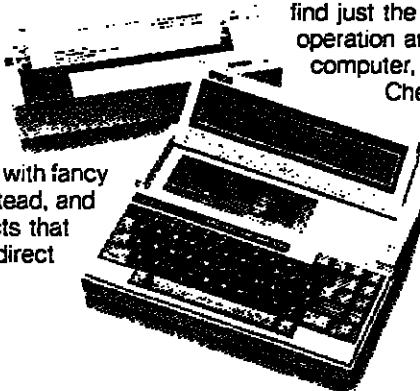
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Hondurans Block U.S. 'Contra' Aid

The Associated Press

TEGUCIGALPA, Honduras — The Honduran government has seized the first shipment of U.S. humanitarian aid intended for rebels trying to overthrow the Nicaraguan government, according to news reports here.

Foreign Minister Edgardo Paz Barmiza said the shipment had arrived in Honduras without the government's knowledge and an urgent meeting of the country's National Security Council would be called to discuss the incident.

He did not say when the meeting would be held, and did not comment on a newspaper report that the cargo had been seized.

Honduras is a close U.S. ally, and has allowed extensive military maneuvers by U.S. troops to take place on its territory. But it appeared to be leery about playing a direct role in the delivery of aid to the "contra" guerrillas fighting the Sandinist government.

"This is a very delicate matter," Mr. Paz Barmiza said at a news conference. "This cargo effectively arrived without the knowledge of the government of Honduras."

The supplies, purchased with part of the \$27 million in humanitarian aid authorized last summer by the U.S. Congress, arrived late last week at Toncontin airport in Tegucigalpa.

A Tegucigalpa newspaper, El Heraldo, reported Wednesday that the shipment had been seized and was being held at an armed forces center near the capital.

El Heraldo quoted the commander-in-chief of the armed forces, General Walter López Reyes, as saying, "Our country cannot, under any circumstances, allow this type of operation, which tends to inflict serious moral damage to the Honduran nation."

The general said that 14 tons of medical equipment, boots and uniforms being sent to the guerrillas were seized when a DC-6 transport plane landed in Tegucigalpa.

"We will not tolerate a similar offense, nor can we admit this cargo or allow others to enter the country," he was quoted as saying.

Mr. Paz Barmiza would not elaborate on General López's comments.

A U.S. Embassy spokesman, Arthur Skop, said Wednesday that the shipment contained medical supplies paid for by the U.S. government, but that "transportation arrangements" were made by representatives of the Nicaraguan Democratic Force, the main rebel group.

Mr. Skop would not discuss any possible U.S. involvement in the transportation of the supplies out of the United States and would not say whether shipments to rebels in Honduras would be attempted again.

The embassy, aware of Honduras' sensitivity over the presence of Nicaraguan rebels on its soil, has said it will play no role in the distribution or monitoring of aid.

The rebels are fighting to overthrow the leftist Sandinist government.



VISITING RIO'S POOR — President François Mitterrand of France, right, with Governor Leonel de Moura Brizola of Rio de Janeiro state, visiting a slum in Rio. Mr. Mitterrand is on a five-day visit to Brazil.

Ex-Official in Philadelphia Contradicts Mayor on Clash With MOVE Radicals

By Lindsey Gruson
New York Times Service

PHILADELPHIA — The city's former managing director has contradicted key details of Mayor W. Wilson Goode's testimony about the confrontation May 13 with the radical group MOVE.

Appearing before a panel that the mayor appointed to investigate the confrontation, the former managing director, Leo A. Brooks, said the mayor was mistaken when he said he did not know the details of the police plan to assault the MOVE house. Eleven MOVE members were killed in the assault, which touched off a fire that destroyed a neighborhood.

Mr. Brooks, who resigned shortly after the confrontation, saying that he wanted to spend more time with his family, said he had told the mayor that the police planned to use explosives and that they would drop a bomb from a helicopter.

In both of these points, Mr.

Brooks contradicted Mayor Goode's testimony.

Mr. Goode said Tuesday that his subordinates, including Mr. Brooks and the police commissioner, Gregory J. Sambor, had misled, misinformed and disobeyed him in the confrontation. Mr. Goode said he relied on his subordinates to plan and direct the assault. He said he did not ask for and was never told the details of the assault plan.

Mr. Brooks, however, said the mayor's approval was sought and received on important decisions in planning and directing the daylong siege, which culminated when the police dropped a bomb on the MOVE house.

Mr. Goode said he was given too few details to make an informed decision on whether to use the bomb and that he was never told that it would be dropped from a helicopter. However, he said he gave permission for a bomb to be used 17 minutes before it was dropped.

But Mr. Brooks, who supervised the day-to-day operations of the city government's 10 departments, said he had told Mr. Goode that the police would use a helicopter to deliver the bomb to avoid being fired upon.

[Mr. Sambor also contradicted Mr. Goode, testifying Thursday that the mayor was told before May 13 of the plan to use explosives, United Press International reported. It said he had accepted responsibility for the overall plan, saying no one would have died if MOVE members had left the house.]



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Mr. Jacques KUGEL, Chevalier de l'Ordre des Arts et des Lettres, on October 9, 1985, at the age of 63. Funeral services were held with the immediate family, 3, rue de Constantine, 75007 Paris. This is the official notice.

Liverpool — Dreaming of Rebirth but Facing a Dismal Present

By Jo Thomas
New York Times Service

LONDON — The once great port of Liverpool, which declined when Britain's trade shifted from the west coast to the east, is experiencing a rebirth these days. But not without complications.

The city council, locked in battle with the national government over the city's budget deficit, now plans to lay off its 31,100 employees for the month of January. And no one has found a solution yet for the troubled, racially mixed neighborhood of Toxteth, where unemployment and anger are running especially high.

Plans for turning Liverpool into a center for tourism focus on the city's greatest asset, its waterfront. At the Albert Dock, which only a few years ago was choked with sludge, clean water flows through new river gates, and the place is alive with the sound of workmen. Historic dock and warehouse buildings are being transformed into shops, bars and restaurants.

The Tate Gallery will open its northern gallery there, near the maritime museum, and up-scale riverside apartments are planned in the \$112-million redevelopment. Further down the river, rotting warehouses and petrochemical storage tanks are gone. In their place, ships' smokestacks in the colors of the steamship companies range along the Mersey River like brightly colored tombstones.

But, around the port, the ruin remains: derelict businesses, gutted homes and vacant lots. As sugar refining, soap making, ship repairing, marine engineering and rope making died, so did half the city's manufacturing jobs. It has happened in the last six years.

Liverpool now has 60,000 unemployed, or one person in four, although in some public housing projects, city officials say, it is nine out of 10.

The largest single employer is Liverpool City Council, which now has 31,100 on the payroll. Like many councils controlled by the Labor Party, the Liverpool council feels it needs to help residents survive.

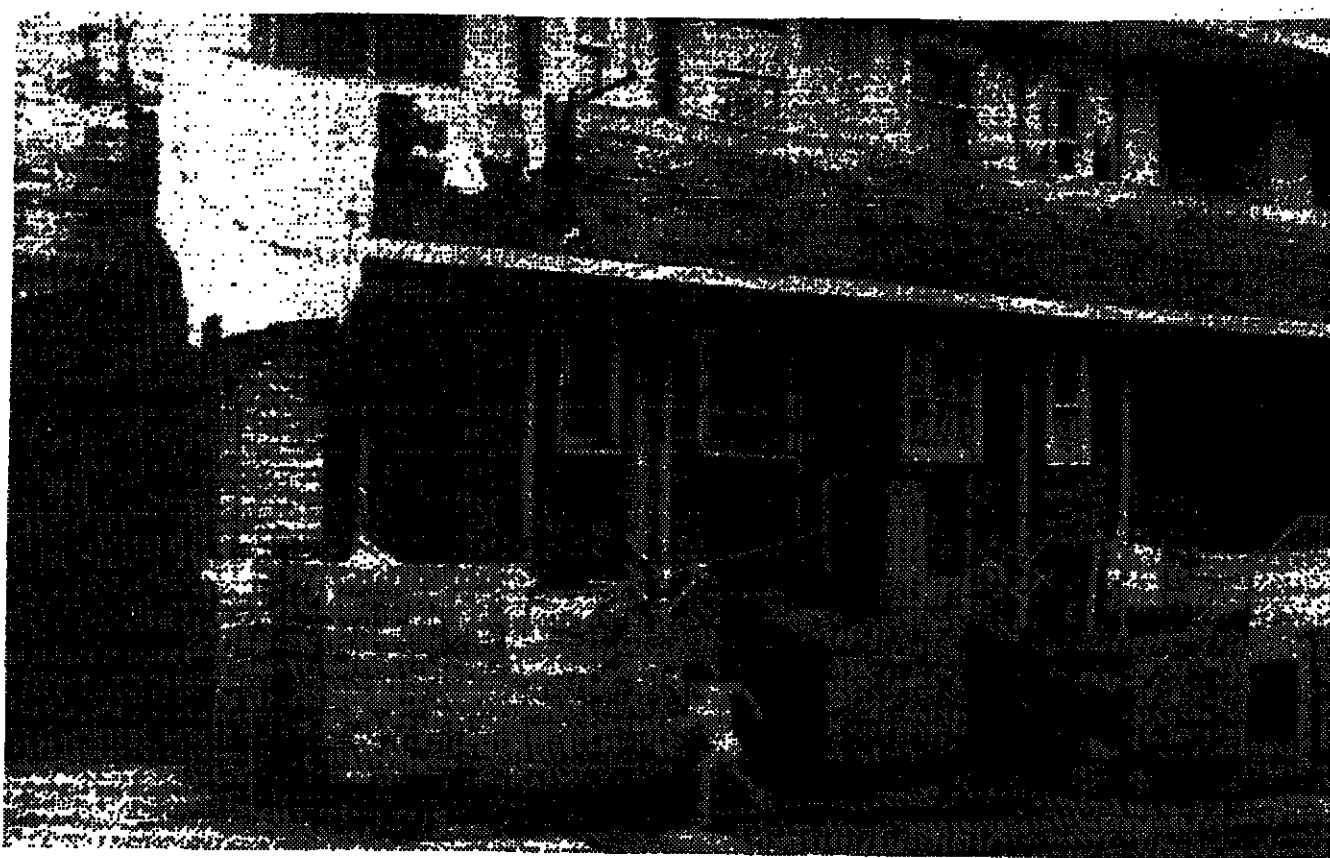
Where there are no jobs, it will provide them. Where there are no houses, the city will refurbish and build. This philosophy has brought the Liverpool council into open battle with the Tory central government, which feels cities should provide services, not relief.

The government, which supplies about half of Liverpool's budget, set up a formula to force cities not to spend so much. It designates what it feels is a reasonable budget — in the case of Liverpool, £220 million (\$310 million). If a city wants to spend more, as Liverpool did when it set a budget of £263 million, the government then withdraws financial support at roughly the rate of £2 for each £1 overspent.

This cut Liverpool's government grant of £116 million to just £38 million. The city, which said it would have to cut 5,000 jobs to meet the government's target, will run out of money unless it agrees to cut spending to reclaim government money.

Faced with similar quandaries, all the other cities that had vowed to defy the government gave in. "In a sense," said a government official, "it's a poker game. Liverpool is the only one left. If Liverpool got away with it, the whole system would collapse."

But Liverpool is still defiant. The city council is controlled by a



In the racially mixed neighborhood of Toxteth, Liverpool's jobless rate and other economic problems have led to rioting.

Trotskyist faction of the Labor Party, the Militant Tendency. Although its members are in the minority among Labor councilors, the faction has control of the local party, whose decisions the Labor councilors must follow. So it is Derek Hatton, a Militant, who is the council's spokesman, even though he is only the deputy leader.

Last month, the Militant Tendency suggested that the city's workers go on strike, a move that would have thrown Britain's fourth largest city into chaos while saving enough wages to keep the city from going broke.

The unions refused. Then the council sent its employees notices, delivered by taxi, that

they would all be dismissed at the end of the year. This would have given the city enough money to maintain emergency services until April.

Liverpool was swept by rumors it was about to run out of money as union leaders and the Labor Party's national leadership tried to help sort the situation out. On Friday the city council dropped its plans to dismiss its workers and decided on the layoffs as a way to balance the city's books.

"They're Marxists," said Sir Trevor Jones, a leading Liberal Party councilor. "What they're seeking is to overthrow the system. The more chaos, the more deprivation, the

more misery you can create, the more you get the proletariat to revolt."

One revolt Mr. Hatton did not seem to want very much arrived at his office door last week. A large delegation from the city's Black Caucus, after new rioting in Toxteth, arrived to tell him they still would not work with the council's race relations adviser, a black building surveyor from London, appointed instead of local candidates.

Liverpool has a nonwhite population of about 7 percent, according to the Merseyside Community Relations Commission, but only 270 of the 31,100 city employees are black. In the modern, up-scale city

center stores, the work force is 99.2 percent white.

"We're in dire straits," said a Toxteth housewife. "And it will get worse."

Again and again, amid the complaints, one hears praise for the people of Liverpool for their generosity and good humor and willingness to work. It is these qualities that fuel hopes that the city can become a prime candidate for tourism and the new industries.

In the short run, however, the problems of this city are great. The other day a West German company that had decided to locate in Liverpool with 200 jobs changed its mind. Citing fears of urban riots and the Militants, it pulled out.

Pretoria Bars Students Of White College From Visiting Exiled Rebels

By Alan Cowell
New York Times Service

CAPE TOWN — South African authorities withdrew the passports of eight white university students Thursday who were to have traveled to Zambia this month to meet representatives of the outlawed African National Congress.

The action, South African commentators said, seemed to reflect mounting official anger at the readiness of some South Africans to ignore official policy and meet with figures whom the government considers adversaries.

Meanwhile, confrontations continued between protesters and police for a third straight day in Cape Town's mixed-race suburb of Athlone. At least nine persons have been killed in unrest in the Cape Town area since Tuesday.

Many of Thursday's demonstrators were Moslems who were incensed by what they called police insensitivity to the Islamic custom of burying the dead as soon as possible.

In Athlone, police used tear gas and shotguns in two confrontations against crowds that demanded the bodies of those killed Tuesday.

The slayings have prompted an outcry because police hid in boxes on the back of a state railway truck rather than in their usual armored personnel vehicles before opening fire. Protesters did not know the truck was carrying armed men.

Police defended their action Thursday, saying in a statement that the use of a "decoy vehicle" was "designed to offset the strategy of the rioters, to maintain law and order and to protect the local inhabitants" of Athlone.

Some of those wounded in the incident said Thursday at a news conference that contrary to police accounts, they had seen no stones thrown before officers opened fire Tuesday.

At Stellenbosch University near Cape Town, officials told university students who had planned to visit Lusaka, Zambia, that their passports were being withdrawn immediately.

The African National Congress is the most prominent of the outlawed and called movements fighting Pretoria's white-minority rule.

In recent weeks, senior white businessmen and leaders of the official white opposition in South Africa's segregated parliament have met with members of the guerrilla group in Zambia, the organization's headquarters in exile.

The government's withdrawal of the passports, said Carla Sutherland, a student leader at the University of Cape Town, reflected its "immense fear of negotiations at any level."

The University of Stellenbosch is an Afrikaans-language institution, and President Pieter W. Botha is its chancellor.

■ **Mother Visits Jailed Poet**
The mother of a condemned black poet and guerrilla supporter, Benjamin Moleise, 30, visited him on death row in advance of his scheduled execution and said that he urged blacks to continue their campaign against white rule. Reuters reported from Johannesburg.

Mr. Moleise is to be executed Friday for the 1982 slaying of a black policeman.

"He says the struggle must go on till we people get freedom," Moleise's mother said.

■ **UN Chief Repeats Plea**
The UN secretary-general, Javier

Pérez de Cuellar, Wednesday renewed his appeal to South Africa's rulers to spare Mr. Moleise, Agence-France Presse reported from New York.

He said he was "convinced that the carrying out of the execution will result in a further deterioration of an already extremely grave situation."

U.K. Avoids Pretoria Issue At Meeting

NASSAU, Bahamas — Britain backed away Thursday from an early confrontation with its Commonwealth partners over South African sanctions. Prime Minister Margaret Thatcher dropped all reference to the issue in a speech to the 49-nation group's meeting here, British officials said.

But Thatcher aides said her decision not to mention South Africa in the opening address to the first working session did not indicate a softening in her complete opposition to economic sanctions as a means of ending apartheid.

Mrs. Thatcher's address included a review of the world situation from East-West relations to patterns of international trade.

British officials said that she had decided to leave her views on South Africa until a later session.

Mrs. Thatcher so far has had three bilateral meetings with Commonwealth leaders — President Kenneth Kamanda of Zambia, Prime Minister Brian Mulroney of Canada and Prime Minister Bob Hawke of Australia.

British officials said that they believed the feeling emerging was that the Commonwealth should move away from slogans about sanctions toward practical methods of promoting a dialogue between South Africa's white rulers and leaders of the majority black population.

Commonwealth sources said that, without British participation, Commonwealth sanctions against South Africa would be meaningless.

Britain has at least \$10 billion (\$14 billion) invested in South Africa and is its largest trading partner.

The Commonwealth is an association of 49 countries with historical and colonial links to Britain. South Africa withdrew under pressure from the multiracial Commonwealth in 1961 because of its government's racial segregation policies.

Officials with a number of the delegations said that they understood Britain's problems on sanctions. One said: "I do not think we want to isolate Britain. We want to be persuasive."

Mrs. Thatcher made some tough references to international terrorism Thursday, according to conference sources, and said she wanted to see a strong communiqué at the end of the conference on how to combat it by all legitimate means.

British sources said that the South African question was unlikely to be resolved before the weekend, when the Commonwealth leaders are scheduled to spend an informal two-day retreat at a nearby island.

Bomb Damages Paris Offices of Broadcast Board

Reuters

PARIS — A bomb exploded early Thursday outside the offices of the French radio and television authority, damaging the entrance but causing no injuries, a state-run radio station said.

It said that the extreme leftist group Direct Action claimed responsibility for the blast, which occurred hours after Jean-Marie Le Pen, the leader of the rightist National Front, appeared Wednesday night in a live interview on France's Channel 2.

The authority supervises French state radio and television broadcasting.

Direct Action claimed responsibility Monday for two bomb attacks in Paris, one on Channel 2's headquarters and the other at the main French radio studio, where Mr. Le Pen was scheduled to be interviewed that evening.

■ **Fire at Iran Embassy in Spain**
Reuters

MADRID — A fire destroyed a house Thursday that apparently was used for storing archives in the Iranian Embassy compound here, the police said. They said that policemen entered the compound to rescue a reporter who was beaten by embassy personnel after he took photographs of the fire.



David Hodge

Party in East Germany Expels 3,787 in Purge

Reuters

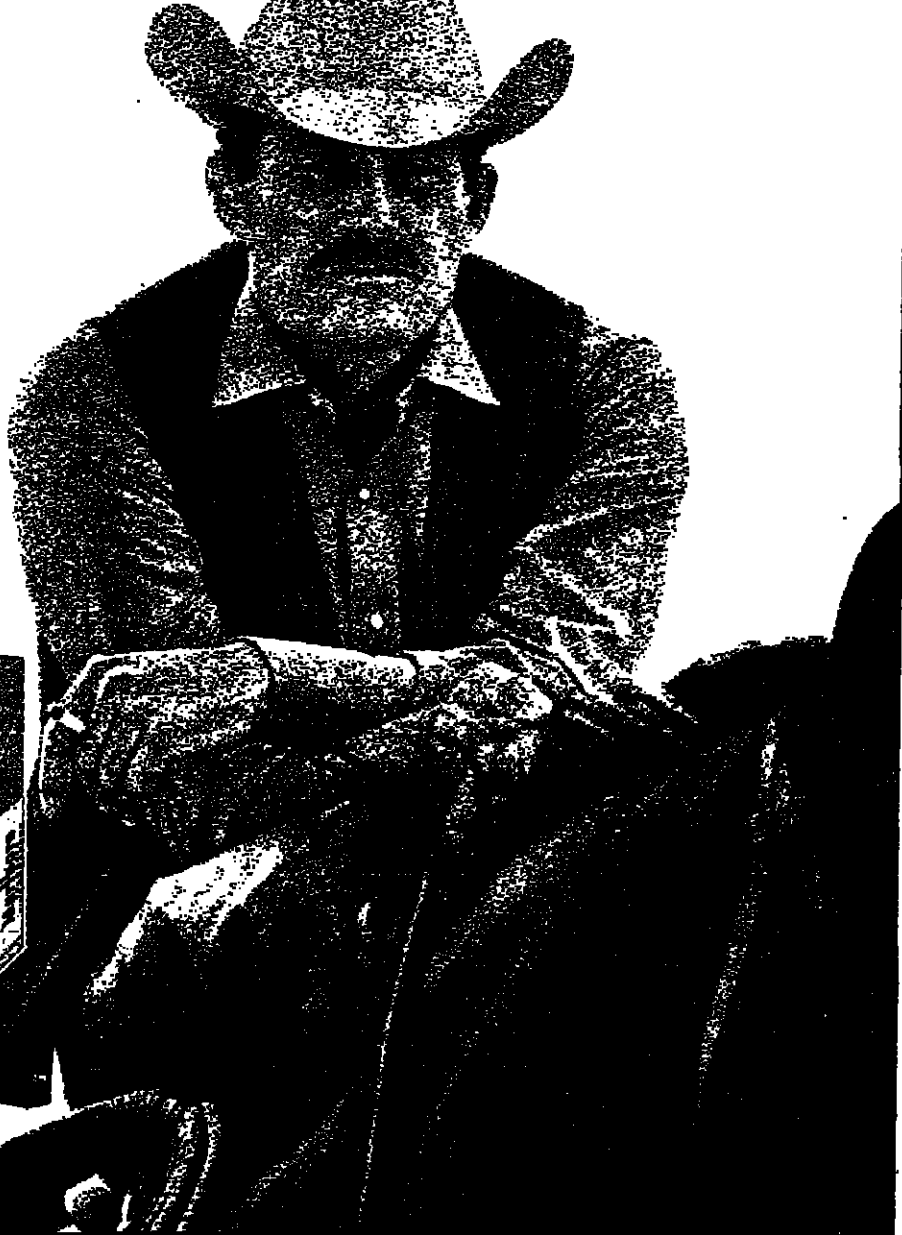
BERLIN — The East German Communist Party announced Thursday it had expelled 3,787 of its 2.2 million members following ideological screening.

The party newspaper, Neues Deutschland, said that decisions on a further 3,167 members interviewed by party functionaries as part of preparations for next April's congress were pending. More than 1,300 have resigned, the paper said, adding that the party had "parted ways" with members who had failed to accept its political doctrine or discipline.

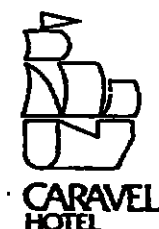
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Spain Breaks Up 12 Estates, Distributes Land to Peasants

Reuters

MADRID — Spain has launched its first land reform program in more than 50 years as a regional Socialist government expropriated 12 unproductive estates in the poorest part of the country.

"This is the first real attempt to redistribute the land," Miguel Manante, agricultural counselor in Andalusia's regional government, said Wednesday.

The expropriations affected 15,000 acres (6,000 hectares) of farm land in Malaga province, one of four areas in which the Andalusian government said it would act to break up neglected holdings.

"We told the owners they were not meeting the legal requirements of land productivity," Mr. Manante said.

Spain last tried to dismantle neglected estates under a 1932 law abolished when Franco took power after the Spanish Civil War, which ended in 1939.

The reform plan was drawn up two years ago following widespread labor unrest in Andalusia.

Spain's Socialist prime minister, Felipe Gonzalez, who comes from Andalusia, helped to press for the reform.

Militant peasant unions have staged hunger strikes and protest marches in the region, which is in southern Spain and is the country's most economically depressed area.

Mr. Manante said that peasant cooperatives would be set up on some estates to make them productive. Others would be added to government forest reserves. He said the owners of the estates would be compensated.

Australian Army Buys Contraceptives for Guns

Reuters

CANBERRA — The Australian Army recently bought 541,000 condoms for waterproofing guns, a government minister told the Senate on Thursday.

"I am assured that the contract for the purchase of these condoms was placed after independent leak-and-burst tests in which the condoms were inflated to a volume of more than 12 liters," or 3.1 gallons, said Senator Gareth Evans, resources and energy minister.

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Israeli Aides Say Links With Poland Imminent

New York Times Service

JERUSALEM — Israel and Poland are to restore limited diplomatic relations after a break of 18 years, Israeli officials said Thursday.

The timing of the move is to be determined in the "very near future" through a formal exchange of diplomatic notes, the Israeli officials said.

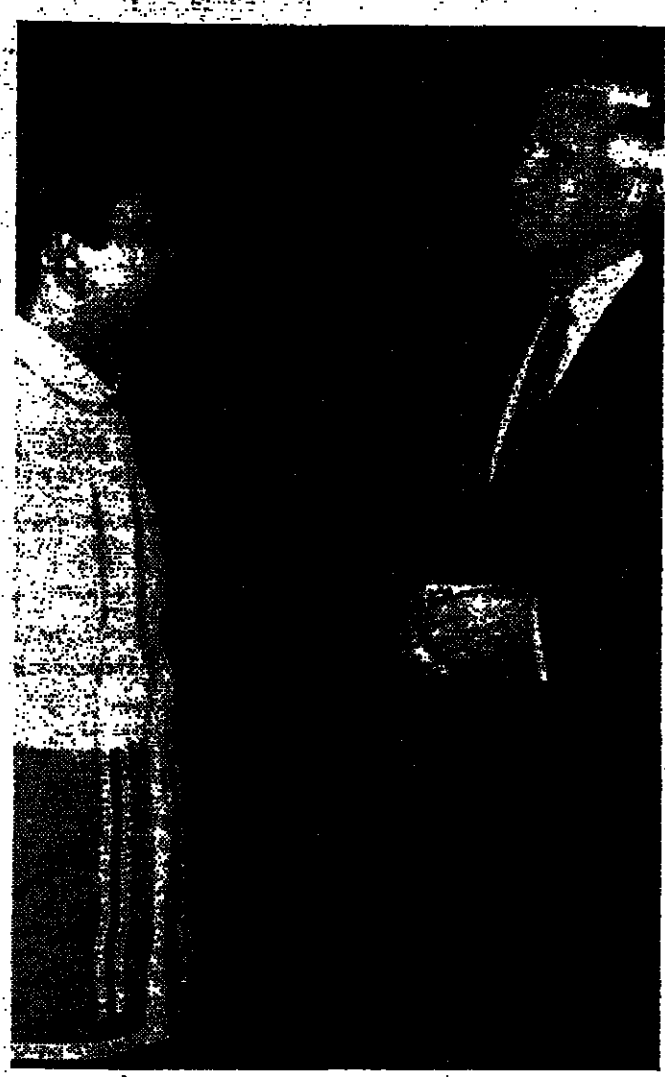
The decision by Poland to establish an "interest section" in Tel Aviv and to allow some Israeli diplomats to work in Warsaw, probably out of the Dutch Embassy, is being viewed by Israeli officials and political analysts as an indication of a gradual thaw in relations between Israel and the Soviet Union.

An interest section is the lowest level of diplomatic contact, involving an exchange of official representatives with some diplomatic status but without their own embassies or full ambassadorial privileges.

Poland strictly adheres to the Soviet line on foreign policy issues, and it is unlikely that Warsaw would have agreed to even this limited restoration of ties without a nod from Moscow. The Kremlin led the Soviet bloc countries in breaking relations with Israel after the 1967 war.

"There is no doubt that the Russians are behind it," said Nahum Barnea, editor of the Koteri Ra'seen political weekly, which has been closely monitoring the public and private signals being exchanged by Prime Minister Shimon Peres of Israel and the Soviet leader, Mikhail S. Gorbachev. "It is another in a series of good will gestures between the Soviets and Israel."

An Israeli Foreign Ministry official said the move would say that tomorrow the Soviet Union and Israel are going to be restoring diplomatic relations, but let's just say these kind of things don't happen without Russian knowledge.



President Ferdinand E. Marcos with Senator Paul Laxalt.

Marcos, Reagan Envoy Meet To Discuss Manila's Stability

(Continued from Page 1)

investigating the murder of 14 journalists in the Philippines said Thursday that soldiers were involved in most of the killings. Reuters reported from the Philippines.

Brigadier General Eustaquio Poragana, who heads the team, said that military men were the main suspects in nine of the cases. He said the killings were not linked to the journalists' work. The mo-

TWA Suspects Named by U.S.; Reward Is Set

United Press International

WASHINGTON — The United States announced Thursday the names of three men it has charged with air piracy and murder for the June hijacking of a TWA jet and the shooting death of a navy seaman. They are not in custody.

Earlier, the State Department announced a reward of up to \$250,000 for information leading to the men's arrest and conviction.

The three men were identified by Attorney General Edwin Meese III as Mohammed Hamadi, Ali Arwa and Hassan Izz al-Din. Each was charged with air piracy in the June 14 seizure of TWA Flight 847.

Each of the three men was also charged in the death of Robert Dean Stethem, the seaman, who was beaten and shot. Mr. Meese said the murder charges fell within the "special aircraft jurisdiction of the United States."

Craxi Resigns, Attacks U.S.

(Continued from Page 1)

two C-141 military transports full of Delta Force Commandos just after dawn at Sicily's Sigonella base.

He said that their mission was to take the hijackers and Mr. Abbas by force from Italy to stand trial in the United States.

The commanders, Mr. Craxi said, were directed by a U.S. general under command orders from Washington who only spoke after a conversation between Mr. Craxi and President Ronald Reagan in the early hours of Oct. 11 when Mr. Craxi insisted that the hijackers, having committed crimes on an Italian ship, should stand trial in Italy.

Even after that, Mr. Craxi said, the United States violated its airspace by sending two jets over Italy to trail the intercepted Egyptian airliner as it flew, escorted by four Italian fighters, from Sicily to Rome's Ciampino military airport.

The Italian government decided to open an investigation," Mr. Craxi said. "A protest was immediately filed with the Washington government."

Mr. Craxi defended his government's decision to allow Mr. Abbas, the leader of the Palestine Liberation Front, a faction of Yasser Arafat's PLO, to leave Italy on Saturday despite U.S. requests that he be arrested because of suspicions that he was the actual "mastermind" of the hijacking.

As he had stated before, Mr. Craxi said Mr. Abbas was allowed to leave Italy after Italian legal officials, from the justice minister to the magistrates investigating the hijacking, had ruled that Washington had failed to supply Italy with the minimum proof required under Italian law for him to be detained.

He reiterated that Mr. Abbas also had diplomatic immunity and the official protection of the Egyptian government, which had insisted that, as a passenger in an official plane, he should be freed.

Mr. Craxi said that even though Mr. Spadolini claimed his reason for abandoning the government over the Abbas affair was the result of a lack of consultation before the decision to let the Palestinian leader leave Italy was taken, Mr. Spadolini had been personally informed Saturday that the Italian judicial authorities could find no reason to hold Mr. Abbas on the basis of U.S. "evidence."

Simon Wins Nobel Prize for Literature

(Continued from Page 1)

1960, the strongly autobiographical work depicts minds in turmoil flung by the forces of nature.

Four of Mr. Simon's novels, "The Grass," "The Flanders Road," "The Palace" and "Histoire," form a single work connected by recurring characters and incidents.

Mr. Simon's sentences are virtually without punctuation and often lyrical. Mr. Simon also uses jumbled chronology and abrupt transitions.

"It takes hard work to read Simon and it requires a good memory," Mr. Gyllenstein said. "You have to read him several times."

Mr. Stabnitz said that Mr. Simon's novels "are very rich in detail and color, almost cinematic, graphic, in tracing in exact details of the visual field."

Mr. Gyllenstein said Mr. Simon's latest novel, "Les Georges," published in 1981, "is by far his most important." Compassionate and ironic, the novel describes war's reality and man's inability to guide his fate and correct his conditions.

Mr. Simon was a favorite of a powerful academic member, Arthur Lundkvist, 79, who has singlehandedly kept the British novelist Graham Greene from winning the prize. In 1980, Mr. Lundkvist told a British newspaper that he simply did not like Mr. Greene's work.

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Born Oct. 10, 1913, in Antananarivo, Madagascar, to French parents, Mr. Simon first wanted to be a painter.

In a 1966 article discussing the role of writers in a changing world, Mr. Simon said that art and literature "answer human needs as basic as hunger, thirst, even the need to breathe."

To suppress literature, Mr. Simon wrote, would be to "literally drown mankind to suffocation and despair."

"His first novel, 'The Cheater,' was published in 1946 and gained recognition at the end of the 1950s, when the nouveau roman movement emerged in France.

In the tradition of other New Novelists, Mr. Simon attempts to create an awareness of reality through experimentation with different points of view.

"Claude Simon's narrative art," the academy said, "may appear as a representation of something that lives within us whether we will or not, whether we understand it or not, whether we believe it or not."

Chess Game Ends in Draw

Readers

MOSCOW — The 17th game of the world chess title rematch ended Thursday in a draw, giving the challenger, Gary Kasparov, a 9-to-8 point advantage over Anatoli Karpov, the champion.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

In the Wake of Achille Lauro

Egypt and Italy are caught in the turbulent wake of the Achille Lauro affair. This is, in any long-range scheme of things, a matter for keen regret. As Americans move beyond their anger at seeing the two countries do less than they could have to apprehend the killers, a concern for their political health comes to the fore.

As Egyptians see it, Cairo could have taken political cover and turned the ship away, as others did; but to save lives and do a service it took the ship in. Having gone that far, it became politically unthinkable to hand over Arab perpetrators to non-Arab prosecutors. President Hosni Mubarak has incurred substantial costs as well as gains for having stuck in his fashion with his predecessor's openings to the United States and Israel, despite the continuing impasse on the Palestinian issue, which is critical to him. He should not have dismissed President Ronald Reagan's explanatory letter and demanded an apology, which was almost guaranteed to produce Mr. Reagan's terse "never." Still, it is possible to think as we do, that Mr. Reagan was right to intercept the Egyptian airliner, and to understand the measure of humiliation and increased vulnerability that it brought upon an already frustrated Arab friend.

For Italy, the political repercussions to date have been more severe. The government has been forced to resign after a severe governmental crisis, apparently the first since the war

to spring from a foreign-policy issue — an issue bearing directly on links with Italy's principal ally. Before the government resigned, Giovanni Spadolini, the defense minister, took his Republican party out of Prime Minister Bettino Craxi's five-party coalition, complaining that he had not been consulted in the release of the fifth man. This is true. Mr. Spadolini is a known opponent of the pro-Arab tilt that produced the release. He believes that in the release certain legal and political obligations to the United States were ignored. The Reagan administration concurs with Mr. Spadolini on this point.

But again, it is possible to think, as we do, that Mr. Reagan was right to reach for the fifth man, and to appreciate that Mr. Craxi has been an exemplary ally, one especially admired by a conservative American administration for his stands on defense.

The distressing fallout leads some to conclude that had the results been properly anticipated, the actions precipitating them might have been avoided. But the actions were not accidental; they reflected logical though not unchallengeable political choices. Egypt and Italy did what they felt they had to do. So did the United States. They are all adult governments, and now they must deal with the consequences. They should do this in knowing respect for the importance of their bonds.

— THE WASHINGTON POST.

A Hanging in South Africa

Benjamin Molise, a 30-year-old black South African, is scheduled to be hanged in Pretoria today. He has been described in news accounts in America as a poet and as a political prisoner, but he is not about to be executed because of his writings or his opposition to the government. The penalty has been imposed because he has been tried and found guilty of killing a black policeman.

Many governments, including the government of the United States, have joined in international appeals for clemency. The UN Security Council even adopted a resolution urging South African authorities not to carry out the sentence, and on Wednesday the State Department affirmed its opposition.

The United States would have been in a better position to make this case, however, if the sentence had been given because of Mr. Molise's publications or political activity, since America does not penalize either with capital punishment. But when the offense is the murder of a police officer — a crime for which many states in the United States would

impose capital punishment — Americans do not occupy the high moral ground.

In cases such as this, in fact, the United States stands squarely with South Africa and the Soviet Union, the only large, white-ruled nations that allow capital punishment.

The imposition of this ultimate penalty on Mr. Molise is deplorable, but so is the sanctioned killing of dozens of Americans for similar offenses. The South Africans executed 115 convicted criminals last year; the United States has more than 1,500 on death row. Executions are occurring in the United States with such regularity that they no longer command sustained interest or provoke the outrage that they should.

The hanging in Pretoria must be protested, but so should the execution in Florida, the lethal injection in Texas and the firing squad in Utah. Government-sanctioned killing for violations of the law, no matter how vile the crimes of those on death row, is no more consonant with American values anywhere else.

— THE WASHINGTON POST.

Other Opinion

Mixed Messages on 'Star Wars'

Secretary of State George P. Shultz is struggling manfully to repair the damage done by reckless administration statements suggesting that the United States is prepared to scrap the 1972 Anti-Ballistic Missile Treaty rather than accept meaningful constraints on President Ronald Reagan's Strategic Defense Initiative. He may be fighting a losing battle.

The ABM treaty does not prohibit research and development work on anti-ballistic missile defense systems. Both the United States and the Soviet Union were in fact pursuing large-scale ABM research long before Mr. Reagan announced his "star wars" program.

With those continuing programs, there would be a case for renegotiating the ABM treaty — to draw a line between allowable and non-allowable development and testing — even without Mr. Reagan's "star wars" speech in 1983. But careful renegotiation is one thing and reckless destruction quite another.

Supposedly the current SDI program is aimed at providing an answer to the legitimate question of whether an effective defense system is technologically feasible. The administration, however, has caused trouble for itself by seeming to preclude the answer.

That pro-SDI zealotry has aroused suspicions — adroitly fanned by Moscow — that Washington is prepared to tear up the ABM treaty. That impression was seemingly confirmed by a television interview in which the national security adviser, Robert C. McFarlane, gave a broad interpretation of what is allowed under the treaty. As he explained it, the ABM pact allows research, development and testing of "new physical concepts." Only deployment is foreclosed.

That was a shocking statement for several reasons. First and foremost, the ABM treaty is worth saving. Beyond this, Mr. McFarlane's broad interpretation alarmed America's European friends, provided a windfall to the Soviet campaign to split the United States from its allies, and put the onus on Washington for any

breakdown in arms-control talks in Geneva.

Mr. Shultz fought an inside battle to repair the damage. Apparently he scored a partial victory. He made two speeches this week asserting that, while the administration considers the broader interpretation of the ABM treaty warranted, it will continue to adhere to narrower, more generally accepted interpretations in practice.

That helps. But the erratic spokesman leaves the administration's actual intentions open to question. As some congressional critics point out, the hair-splitting in fact gives the Soviet Union, already accused of bending or breaking the ABM treaty, an excuse to go further without incurring international wrath.

— Los Angeles Times.

Ethiopia: Another Pol Pot Rule?

The 11-year-old dictatorship in Ethiopia is more responsible than any other agency, human or meteorological, for the tragedy that afflicts Ethiopia. Unfortunately the unsavory nature of the Ethiopian regime, and the less evidence of its crimes against the Ethiopian people, is ignored by most Western governments and charitable agencies whose humanitarian instincts towards the famine are being ruthlessly exploited in Addis Ababa.

Resettlement has been used openly as a weapon in the civil war between the regime and the Tigre peoples. If we start assessing Colonel Mengistu as an African Pol Pot, it might alert more people to the enormity and criminality of what is going on in Ethiopia behind the television pictures of starving children.

Transport for the resettlement program is provided by the Soviet Union. Soviet assistance also helps the Dergue, the ruling military council, pursue a major offensive in the north. That explains why dock space priority is always given to Soviet ships carrying arms, leaving Western grain ships to idle off shore to the point where the grain has decayed too far for it to be worth trucking inland.

— The Times (London).

FROM OUR OCT. 18 PAGES, 75 AND 50 YEARS AGO

1910: U.S. Soldiers to Get New Look
WASHINGTON — A radical if not revolutionary change in the uniforming of soldiers has been decided upon by the War Department. Under the new plan the soldier's entire load will be placed on his back, permitting him free use of the arms and hands in handling a gun. Even the bayonet will be on the back. The soldier's blanket and other equipment will be rolled up on his back, so that he can sleep without much discomfort, even in full equipment. The blouse will also be replaced by sweaters. The sweaters will not be of the athletic kind, but more like jerseys, buttoning up the front with dull buttons. The long overcoat is also to give way to a short pea jacket. It is believed this will give soldiers more free movement in the use of their legs. The new uniforms will be in service before winter is over.

1935: France Recalls Madagascar
PARIS — France is commemorating the 40th anniversary of the conquest of Madagascar. In 1890, Britain, in return for concessions in Zanzibar, had consented to recognize a French protectorate over Madagascar, but [Madagascar] refused to make concessions. In 1894, France addressed an ultimatum to the sovereign, demanding powers that would make French authority supreme in the land. The demands were refused. A French force landed. General Duchesne and his men, who had looked forward to a rapid campaign, found themselves transformed into road builders. Thousands of soldiers died of disease. [Two months later], Duchesne mounted his men on mules and within twenty days stood overlooking Tananarive. Shells were thrown into the capital, which surrendered [on Sept. 30, 1895].



Myth of PLO Moderation Is Exploded

WASHINGTON — Rarely has a single terrorist incident created such international commotion.

The Achille Lauro affair has produced anger between Egypt and the United States, strains between the United States and Italy, a convulsion in Italy's ruling coalition followed by the government's resignation, anti-government riots in Egypt, and cancellation of a breakthrough meeting of the British foreign minister with the Palestine Liberation Organization. Even the General Assembly, under heavy U.S. pressure, tabled a planned invitation to Yasser Arafat.

The diplomatic day you hear is the sound of a myth exploding. The myth is PLO moderation, its vaulted turn from terror to diplomacy.

On this assumption has been built the Middle East policies (its centerpiece: engaging the PLO in the "peace process") of Egypt, Italy, Britain, and increasingly, the United States. Policies, alliances, even governments are now being rearranged not because of individual blunders or lies, but because of the logic of the situation: After the Achille Lauro, to talk of a new, moderate, post-terror PLO is to risk ridicule.

To avoid the risk, the British government took the precaution of asking the PLO delegation it was to meet with in London to sign a statement renouncing terror and recognizing Israel. But the PLO refused and Britain called off the dogs.

Not everyone decided to bend before the facts. Italy decided to send the facts to Yugoslavia. At the first available moment, it released Mohammed Abbas, the "notorious Palestinian terrorist" (the White House phrase) who was aboard the hijacker's getaway plane that the United States diverted to Italy.

With Mr. Abbas, the PLO double game — commit terror, talk peace — is up. Here is the man sent by Yasser Arafat as an "intermediary" between

By Charles Krauthammer

civilization and the Achille Lauro hijacker-murderer. Mr. Abbas turns out, in fact, to be the man who sent the hijackers. He turns out further to be neither a freelancer, nor a PLO renegade, nor head of a PLO "offshoot," as the chronically apologetic Western press speculated for as long as it could. He is a top Arafat aide, a loyalist whom Mr. Arafat himself placed on the PLO's highest body, its 11-man executive committee.

Why did Italy let him go? Incomprehensible, said the White House.

Theory and fact collided aboard the Achille Lauro, and Italy chose theory.

Ever mindful of alliance sensibilities, the administration was being kind. It is entirely comprehensible.

The first consideration is fear. After a 1973 PLO attack on a Pan Am airliner at Rome airport, foreign minister Giulio Andreotti, who was then prime minister, worked out a deal with the PLO: Italy agreed not to deal in the way of the PLO, and the PLO finds non-Italian targets for its terror.

A more grandiose but no less cynical consideration is Italy's diplomatic amour-propre. A pro-PLO policy to win the favor of the Arab states was the cornerstone of Mr. Andreotti's Med-politics. This policy not only guarantees Italy access to oil, but allows one of the weakest of the former imperial powers to puff itself up as the most influential European power in the Mediterranean. It ain't Abyssinia, but it's something. That this "power" is gained purely by appeasement — for example, acquiescing to Arab demands for releasing a criminal whom Italy was treaty-

bound to America to hold for at least 45 days — is an inconvenience, apparently not insupportable, detail.

Above all, releasing Mr. Abbas was for Mr. Andreotti and Prime Minister Craxi a kind of cognitive necessity. Their entire Middle East policy is built on the assumption that the PLO has turned moderate. Mr. Abbas — and his association with Mr. Arafat, sure to come out at any trial — is its refutation. Theory and fact collided aboard the Achille Lauro. Italy, not for the first time, chose theory.

The facts, after all, are intolerable. Mr. Abbas's group issued a communiqué in Cyprus explaining that its men had really planned to land at "Ashdod harbor in occupied Palestine" to attack "military targets." Now, Ashdod is not on the West Bank or Gaza. It is within pre-1967 Israel, the Israel that Andreotti & Co. insist the PLO is ready to accept. If Ashdod is "occupied," then all of Israel is occupied.

As for "military targets," Israelis are painfully familiar with Mr. Abbas's so-called targets.

In its most successful raid, his group kidnapped a family in Nahariya, shot the father and dashed the head of his daughter, aged 5, against a rock. The man who did this was at the top of the list of 50 "fighters" the Achille Lauro hijackers demanded released from Israeli jails.

As if to confirm the point, on the very day the U.S. Navy intercepted the hijacker's getaway plane, a boom-trapped soft drink bottle exploded in a café in Tel Aviv. In Tunis, the PLO took credit for the blast.

On the Achille Lauro, one man was murdered. The defense of the man who sent the killers when not absurdly denying the fact of the murder — is that he intended instead the killing of other innocents. That is a kind of defense, a PLO defense.

What is Italy's?

Washington Post Writers Group.

Gulf War Is Hostage To Saudi Oil Business

By William Safire

WASHINGTON — Never underestimate the financial nimbleness of the rulers of Saudi Arabia. Just when the Organization of Petroleum Exporting Countries appears to be coming apart, with nations like Nigeria making under-the-table deals; just when the supply of oil is outpacing demand and depressing the cartel's fixed price; just when the Saudis have reduced their production as far as they can without going out of business — along comes a development that takes the downward pressure off international oil prices.

Nobody is talking now about the imminence of a steep slide in oil prices by the end of the year. Such an adjustment downward would spur Western economic growth without boosting inflation, and give the oil-dependent Third World new life.

Instead, we see the spot price of oil firming. Most analysts predict a delay in the drop past the coming winter, for technical and seasonal reasons. The prospect of oversupply is diminishing, and lowered OPEC production can no longer be attributed to Saudi restraint. What happened?

The story of what happened is the subject of rumors in the U.S. oil industry and of speculation at intelligence services in Moscow countries.

To recap the gusher: There is a war going on in the Gulf, without benefit of television, between Iran and Iraq, both big OPEC oil producers. Only about a million people have been killed so far, but they are just settling into trench warfare.

The Iranians have shifted operational control of the war from the mullahs to the military; that probably means a war of attrition has been decided upon, which makes strategic sense for the Iranians and spells slow disaster for the Iraqis.

What has this brought about? Despite frantic Iranian efforts to use alternate ports, and cut-rate deals to offset the risks to tankers, the oil coming out of Iranian territory has been declining significantly. That is the equivalent of new "restraint" by a major producer, and it is a major fact holding up oil prices.

But what if the Iraqians go ahead and retaliate against Kuwait, the Saudis' devoted ally? Sorry, Charlie, business is business. A blow to Kuwait's oil fields would further firm up the price of Saudi light crude.

No evidence, hard or soft, can be produced to show that the sheikhs in Riyadh gave a little shrug when the Iraqis said "Now?" But when a major development takes place in a mega-death war, it is fair to ask: Who benefits most? What nation could continue to prevent this specific event from happening and evidently changed its policy?

When the world's attention is focused on terrorist murder and the failure of allies to stand together, a quick sideways glance is permissible at what plain logic suggests may be the skillful manipulation of a much bloodier conflict by the power that gains most from its continuation.

The New York Times.

America's Democratic Showcase in Grenada Shows Signs of Rot

By George Black

NEW YORK — Two years after the Grenada invasion, the last of the Green Berets have moved out. The last American flags and bunting have gone from the cricket field where Vice President George Bush once spoke to crowds of cheering schoolchildren. And the democratic government that was left behind may be on the verge of disintegration.

When the official annals of the Reagan years are written, Grenada will figure prominently. The U.S.-led invasion of the island was a resounding success for the sort of symbolic politics the administration holds dear. The action was swift, decisive and telegraphic. It played out the drama of the East-West conflict in a tiny theater. The images that remain behind are of unwitting Cuban in the larger play, covering Cuban construction workers and U.S. medical students kissing the soil of home.

In their desire to cast Grenada as a showcase, a bloodied but resolute front line in the battle between democracy and totalitarianism, U.S. officials made sweeping promises. Ted Morse, who headed the mission of the Agency for International Development on the island after the invasion, spelled out the message: "The U.S. has made a major political investment. If Grenada can stand up to totalitarianism and say, 'So far, no problem,' that gives great confidence. Investors want elections, security, infrastructure. We will give all three."

The problem is that politics operate more on the level of local reality than global spectacle. It is never easy for small, underdeveloped societies to wear the symbolic mantle that larger powers want to them to wear.

Grenadians first suffered the long years of brutal and eccentric rule under Sir Eric Gairy, then the disintegration of a once-popular revolutionary regime. Such a society may be poorly equipped to play the role assigned to it. But it may be able to think of its own future in the most appropriate terms. After Sir Eric's revolution and invasion, phrases like "make or break" and "this is our last chance" are on the lips of many islanders, above all the business community, which talks of joining the community in Brooklyn — where half of all Grenadians already live — if the democratic showcase fails.

And fail it may. The inheritor of Grenada's democratic future was Herbert Blaize, an honest journeyman of politics, now aging and infirm, who never promised miracles. His New National Party government was designed less as a long-term solution to Grenada's ills than as a stop-gap. Its main goal was to head off a

return to power by Sir Eric, still a popular politician.

Mr. Blaize's coalition is a patchwork of three parties, whose profound disagreements were never any secret. Even the most optimistic of U.S. officials expected the cracks to show within a couple of years. Mr. Blaize's old Grenada National Party, founded by a U.S.-trained dentist in the 1950s, had effectively been cut back since 1967 to Mr. Blaize's own personal following on Carriacou is-

land. Offering "the development of both the rich and the poor of Grenada," there was little in Mr. Blaize's program to appeal to the disenfranchised young people who make up most of Grenada's electorate.

In the wings were younger, more adroit and more charismatic politicians. To the new prime minister's right was lawyer Francis Alexis and his Grenada Democratic Movement. To the left was George Bizan, a talented young educator and historian, with his National Democratic Party. He continues to espouse broadly social democratic goals.

The coalition certainly did its job in crushing Sir Eric in the December 1984 elections. In fact, it may have done it too well. Having swept all but one seat in Parliament, it has functioned virtually without opposition. Without a common enemy, the inevitable conflicts within the alliance have turned inward and festered.

The first major blow came last July between Mr. Blaize and Mr. Alexis, who made an unsuccessful attempt to unseat the prime minister through a parliamentary vote of no

confidence. Mr. Blaize has dealt with a divided cabinet of dubious loyalty largely by ignoring it. His accusers complain that he prefers to make policy alone, or behind closed doors with officials from the U.S. Embassy. By July, Parliament had met just twice in seven months.

The Blaize government also faces daunting economic problems. By the time he announced his budget for 1985-86, Mr. Blaize was talking in desperate terms: "We can compare this Grenada situation with the kind of situation that faced Europe after the Second World War... We call for a kind of Marshall Plan for Grenada." That is a vain hope. The \$72 million in U.S. aid to the island, described by officials as a "one-year bulge," expired at the end of September, and the investors supposed to flock to the island have stayed away.

All that holds the Grenada experiment together today is the fear of what might follow its collapse.

The writer is editor of the *Report on the Americas*, published by the North American Congress on Latin America. He contributed this comment to the *Los Angeles Times*.

Protectionist Measures Sour the World Sugar Market

By Jonathan Power

LONDON — There is no crop in the world more political than sugar. There is no free market. Everybody has a deal, often with an outside protector. The Cuban economy leans heavily on the over-the-market prices paid by the Soviet Union. The Caribbean and African countries similarly depend on special favors granted by the European Community. For long enough a number of Caribbean and Central American countries have relied on preferential access to the United States.

But over the last few years these "sugar-daddy" arrangements have come to mean less as the big trading blocks — the United States, the EC and Japan — have increased protection and subsidies for their own sugar farmers and as some Third World producers, like Brazil and Argentina, have gone into the subsidy business themselves.

According to the London-based International Sugar Organization, prices are "in real terms quite possibly the lowest ever." It is cheaper for many countries to burn sugarcane rather than harvest it. Over the last 25 years, prices in most years have been depressed, often below the cost of production of even the most efficient producers. Despite this world output has doubled since 1960.

Ten Central American and Caribbean nations recently formed a "Sugar Group" to persuade the United States to halt the closing up of its sugar marketplace. Meanwhile, Third World producers are gearing up for a big battle with the EC when its sugar regime is due for renewal next year.

The EC has been the greatest sinner in the sugar marketplace. In the United States and Japan protectionist measures have kept in being industries which would otherwise have gone into decline. In Europe the sugar support system has actually boosted the sugar growing economy, at the cost to taxpayers and consumers of an estimated \$2 bil-

lion a year. Sugar production expanded from 9 million tons in 1970 to a record high of 15 million tons in 1982. This amounted to an addition of over 5 percent to world production capacity.

Euphoria dominated the sugar market in 1973 and 1974 when there was a boom in prices. There was a widespread feeling that sugar was entering a new period of short supply in the face of growing demand. Aid agencies poured in money to help developing countries expand their production. However, the world recession, changing dietary habits and the development of sugar substitutes soon combined to puncture that euphoria.

This depression in sugar prices has compelled the EC to adjust its policies. During the 1980s it has been willing to carry higher stocks and it has engineered a cut in production. The United States, however, reacted by becoming more protectionist. It introduced import quotas in 1982 and then later sharply reduced the size of these quotas. In the last three years U.S. levels of support for domestic sugar producers have risen to virtually the same as those in the EC. At present, this is the most significant factor depressing the world sugar market. No wonder that the Caribbean and Central American nations are screaming. They are losing more from their loss of the U.S. sugar market than they are gaining from America's vanished Caribbean Basin Initiative.

In theory, the solution is obvious: a dismantling of protectionism. After all sugar is one of the few export crops that some Third World countries can grow successfully. In practice, there are enormous problems in reducing agricultural protectionism in Europe and North America. Farm support given in

the past has become capitalized into land values. Drastic reductions in support levels would impose severe asset losses on landholders. Important processing industries employing large numbers of people are dependent on the sugar crop.

Another alternative urged in a recent document published by the UN Food and Agriculture Organization is a new International Agreement in which all participants recognize that the only way to achieve remunerative prices and maximize revenue is by limiting exports. But if this could be done it would have been done long ago. There are too many producers and too much self-discipline required for it to be possible.

Others argue that improvement in the sugar market will come about on its own because other countries are now unlikely to undertake major sugar investment programs. Because the EC and Brazil in particular are so well placed to respond quickly to any new surge in prices and increase their production fast, the temptation to take advantage of temporary boom conditions is now removed. But while some countries, such as Australia, can afford to swallow the demise of their sugar industry, others like Jamaica, Trinidad and Venezuela would find it painful.

Other industry experts believe new uses, in biotechnology for example, should be found for sugar.

In the end the EC and the United States have to accept their share of the blame for creating the present havoc in the world's sugar market. No one expects them to unravel the situation overnight but some judicious reduction in the degree of protection given to home based farmers is absolutely necessary. This is a crisis, and one Europe and America cannot shy away from.

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LETTER

Anger Within the Law

Regarding the opinion column "Israel's Air Raid on Tunisia Cannot Be Condemned" (Oct. 10) by Lloyd L. Cutler:

Mr. Cutler's comments strike a legal light upon some of the horrible events of the past few days. A little of Mr. Cutler's cool analysis could well be utilized in drawing opinions regarding both sides of the frightening situation in the Middle East. A flood of passionate anger is washing away the threads of international law that remain in effect to protect the people of the world, and it would be extremely pertinent for the United States to clearly set forth the legal authority it had, for intercepting a civilian aircraft over international waters. America has righteous anger on her side, but the world has need of juridical proceedings, else we shall soon be asking ourselves "How did things get so far?"

FAITH COSSA
Geneva

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Should Rock-Song Lyrics Be Sanitized? — Debate Goes Beyond the Words

by John Pareles

NEW YORK — Lowell George of the 1970s rock band Little Feat was probably kidding when he sang,

Some contend that rock and roll is bad for the body and bad for the soul, bad for the heart, bad for the head, bad for the deaf and bad for the blind.

Yet with an elaborate media campaign that culminated last month in a day of Senate hearings and stern, if vague, admonitions from Commerce Committee members to U.S. record companies, some parents have upset the record business.

The Parents Music Resource Center (a Washington, D.C., organization that includes the wives of 10 senators, 6 congressmen and a cabinet secretary) and the national Parent-Teacher Association, with five million members, have demanded that pop record albums carry warnings about potentially offensive lyrics — preferably an "X" label. The parents' group has sponsored a touring slide show of excerpts from rock songs dubbed "The Filthy 15." The topics cited are sex, violence, the occult and encouragement of drug or alcohol use.

As of this writing, some major record companies had agreed to put warning labels on albums that included certain specific words — not the topic-by-topic warnings advocated by the national PTA or the broader ratings demanded by the parents' group. While representatives of the parents' group say they do not advocate censorship, many retailers have said they would not carry a record with an "X" rating. Through the years, however, many rock albums (such as Prince's "Dirty Mind," which has been cited by the parents' group) have been packaged with stickers noting that some listeners might find the content offensive.

No matter how the battle over labeling is resolved, however, the issue is unlikely to disappear soon.

Why has the content of rock music come under fire in 1985, nearly 30 years after such eyebrow-raising songs as "Good Golly Miss Molly," and a year in which rock musicians have raised some \$100 million for hunger relief? One reason is the current conservative political climate. Another is that the record business may feel particularly vulnerable even to implied congressional pressure, since the industry organization, the Recording Industry Association of America, has been lobbying for a tax on blank tape and tape recorders that would bring millions of dollars to copyright holders, notably record companies.

A third — and major — catalyst is television. Music video clips have made rock performers widely visible as they brandish their pointed guitars, shake their fists and, sometimes, wear as little clothing as a Ziegfeld Follies girl. Studded leather outfits, spiky haircuts, extreme makeup and the kind of hip-wiggling that got Elvis Presley censored on the Ed Sullivan show in the 1950s are accessible to every television watcher.

Madonna's come-lither glances and other performers' rebellious styles may threaten some viewers every bit as much as motorcycle jackets or bikinis threatened their parents. But while video clips have helped spark the current debate, those clips (which are carefully reviewed by the stations that air them, and generally would qualify for a PG movie rating) are not at issue now — only lyrics.

In the current battles, however, few of the disputants have limited their comments to the words on the records. Susan Baker of the Parents Music Resource Center (the wife of the secretary of the Treasury, James A. Baker 3d) has said that Madonna teaches young girls how to be "a porn queen in heat"; the group has also objected to a video clip of Twisted Sister's song "We're Not Gonna

Take It," in which a parent is thrown out a window.

A recent cover story in People magazine suggested a connection between the so-called "Night Stalker" murders in Los Angeles and the alleged perpetrator's fondness for the rock group AC/DC — a connection that the Los Angeles district attorney finds far-fetched. Although Mrs. Baker believes that only 8 percent of all rock lyrics are offensive, parents who have been following the media coverage might well begin to worry that their children's record collections could incite them to frightening behavior.

The rhetoric should not obscure the lyrics themselves. An average rock song, particularly in the crude, heavy-metal rock most often cited by the parents' group, contains perhaps 250 or, for a particularly literary effort, 300 words. Since it's difficult to tell a story in 300 words (including a repeating chorus), rock songwriters inevitably pare down lyrics. Since most songwriters also want to reach the widest possible audience, they also make lyrics open-ended; if more people identify with a song, more people are likely to buy it. For similar commercial reasons, very few songs use outright profanity, since Federal Communications Commission guidelines prohibit the broadcast of some words.

UNLIKE movies, in which sexual and violent acts are seen directly on the screen, song lyrics don't necessarily deliver the same message to everyone who hears them. What worries the record business and music fans, as well as defenders of First Amendment free speech guarantees, is that the meanings of songs are filled in by listeners, and a hostile listener can supply broad interpretations.

"One exception the parents' group cites is from 'Under the Blade' by Twisted Sister: *Your arms are strapped, your legs are tied, you're going under the blade.*

Does this signify violent sex, as members of the parents' group believe; is it about surgery, as its author, Dee Snider, says; or is it a Parole of Pauline scenario, sawmill whirling in the background? Is the Jacksons' "Torture," another song cited, sadomasochistic, or is it simply hyperbole, a metaphor for unrequited love?

The parents' group has also cited Bruce Springsteen's "I'm on Fire" as obscene. While "fire" is virtually the only four-letter word in the lyrics, it would be sophistry to suggest that the song is not about lust. It is also clear, from Springsteen's delivery, that the character in the song is utterly miserable about the state he's in. Even if the song were unequivocally, joyfully lusty, should all songs about lust bear warnings?

Most of the example cited by the parents' group come from heavy-metal rock, a determinedly abrasive musical form consumed almost exclusively by teen-age boys. Among the few non-obscene groups cited are Motley Crue, whose song "Live Wire" on the album "Too Fast for Love" includes this verse:

*I'll either break her face
Or take down her legs
Get my ways at will
Go for the throat
Never let loose
Got it in for the kill.*

Six lines of a 38-line lyric, admittedly vulgar — but even execrable taste is protected by the First Amendment.

That ugly verse should be put in context. Unlike the fully visualized violence of the movie "Rambo" or the television series "The A-Team," both of which have been seen by more people than have ever exposed to Motley Crue, "Live Wire" doesn't involve three-dimensional characters and doesn't last for very long. And while Rambo and the A-Team are presented as heroes, Motley Crue members dress like clowns. Heavy-metal bands are the bad boys of current rock; they



Susan Baker.



Dee Snider testifying.

package themselves as outlaws, not role models.

One argument made by the parents' group is that an album is marketed by a relatively tasteful single but also contains other, more offensive songs. There is, of course, a simple solution: Buy the single, not the album. Or avoid both. But that private choice would not affect whether a store stocks the record. A ratings label, which would taint the whole album for perhaps one verse of one song, would warn that a song could be interpreted as offensive; the parents' group says that the issue is truth in packaging.

In current rock, no one is selling Henry Miller in the guise of "Rebecca of Sunnybrook Farm." The kinds of style that alarm some parents signify clearly that a band plans to be openly rude.

What heavy-metal bands unabashedly deliver is shock value — a taste of noisy, authority-threatening, vulgar thrills. They are an outlet for the feelings of rebellious adolescents. In that, they fulfill a function — public bad taste — that has always been served by some kind of popular culture, from bare-baiting to burlesque.

SINCE the days of Plato, there have been arguments over whether art should be disturbing; in the modern era, however, shocking art and cultural artifacts — Picasso's "Guernica," William Burroughs's "Naked Lunch," the Rolling Stones' "Gimme Shelter" — are facts of life. The Parents Music Resource Center itself knows the uses of shock value; a touring presentation called "The Clean 15" wouldn't make the evening news.

Rock, the parents' groups argue, reaches a young, impressionable audience. It is true that the 8 percent of lyrics that the parents' group considers dangerous are occasionally heard by children, in an information barrage that also includes television, radio, movies, newspapers, books, classes in school, conversations with friends, time with parents and, perhaps, religious instruction.

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New Passion in Music-Making

by John Rockwell

NEW YORK — Sometimes conventional wisdom turns out not to be so wise, after all. Cliches codify what everyone knows, to the point of banality, but sometimes clichéd assumptions become outmoded; they aren't even trivially true anymore.

Take the widespread notion that young instrumental virtuosos these days, while technically proficient, are bland, conservative and utterly lacking in individuality, "soul" or "heart."

This is an assumption with a curious combination of proponents. Older music teachers believe it, out of nostalgia for their own youth (although naturally they carefully exempt their own best students from the general stigma).

Record collectors and scholars with an interest in Romantic performance practice believe it, clinging to their scratchy old disks. Lots of knowledgeable concertgoers and music-business professionals, dispirited from the general run of mechanically executed, calculatedly careerist concerts they encounter, believe it.

Even some contemporary-music specialists believe it, arguing that young performers today are spiritually dead because of their lack of contact with their own time.

But what if this widely held thesis isn't valid? Or, more likely, that while it accurately described much of the previous generation, it is losing its aptness for the best young performers in their 20s and 30s who are now gaining favor with the musical public?

When the present-day concert scene is observed dispassionately, it would seem there is indeed a lively younger generation of instrumental soloists who evince ample heart, soul, personality, distinctiveness — however you choose to describe those qualities that distinguish real artists from proficient also-rans. These young musicians bring to their playing a musicality that speaks directly from the emotions, conveying a humanistic sense of musical meaning beyond a merely proper rendition of the notes on the page.

ONCE one accepts the existence of this new breed of high-quality young instrumentalists, then one is led to the reasons why they should have come on the scene just now, and why they might have been discouraged in the previous generation. And those reasons can possibly tell us something interesting and important about the general climate of music in our time.

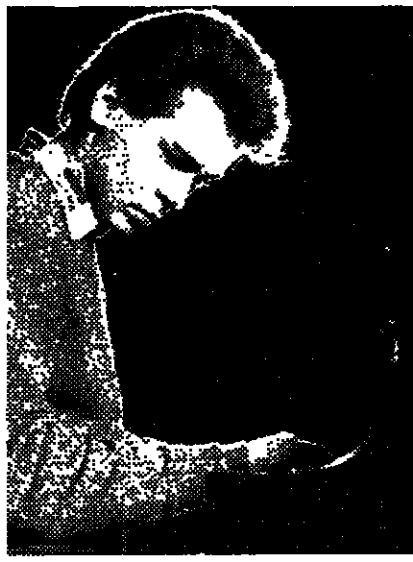
Some explanations and qualifications: There is no point in worrying overmuch about just who belongs within the magic circle of the "soulful" and those (young or old) who should still be branded as mechanistic. Here, just for argument's sake, is a short list, ranging among the pianists, from the romantically communicative Radu Lupu to the willfully flamboyant Ivo Pogorelich to the introvertedly intense Yuri Egorov to the coolly mystical, experimentally offbeat Peter Serkin to the manneristically swooning Keith Jarrett, who made his fame in jazz and is now carving out a Romantic niche for himself as a classical pianist.

Among the young violinists there are Gidon Kremer, restlessly curious and impressively musical; the wonderfully poetic Elmar Oliveira; the big-toned and exciting Kyung-Wha Chung; the still evolving, eagerly commanding Nadia Salerno-Sonnenberg. There is the pre-eminent young cellist, Yo-Yo Ma, mastery in standard repertoire and willing to branch out into the jazz-flavored compositions of Claude Bolling. There is the clarinetist Richard Stoltzman, who offends some purist technicians but who takes all sorts of invigorating risks with his art.

Anyone who thinks about these matters will and should question one or another name in this grouping, or challenge the shorthand description of some of the artists, or lobby fervently for the inclusion of others. No problem — this is a representative list, meant to suggest rather than define. The more worthy young musicians one can name who aren't on the list, the more strongly the



Cellist Yo-Yo Ma (above) and the Yugoslav pianist Ivo Pogorelich.



Joe Kennedy, The New York Times

general point is reaffirmed — that there are indeed lots of distinctive young instrumentalists these days.

Similarly, there is no need here to engage again in that age-old argument about whether the younger players stack up adequately next to the masters. Maybe Hofmann or Lhevinne or Rubinstein or Cortot were "better." Or maybe the differences of Zeitgeist make such comparisons suspect in the first place. The point is that, as a group, we have better, more personable, more engaging instrumentalists today than we had in the generations that came to the fore in the 1950s, '60s and '70s.

THE issue, it should be stressed, is distinctive personality, not style. The best young soloists today hardly all sound alike — in fact, their very differences reinforce the thesis. That said, however, a prevailing shift can be detected away from a faceless modernist reductionism, a too-sober concern for getting the notes "right" and eschewing expressivity as willful indulgence, and toward a greater flamboyance, color and poetic intensity. In short, a shift from Classicism to a contemporary kind of Romanticism.

What, then, cast a pall over the previous

generation of instrumentalists, and why, possibly, is that pall lifting in the 1980s? One explanation is a general condemnation of the modern age. "Students today are technically advanced; we live in the age of technology," says Rafael Bronstein, who teaches violin at the Manhattan School of Music and who counts Oliveira among his prize pupils. "But they lack a knowledge of the great composers, a deep understanding of past eras."

Bronstein's complaint is echoed by those who blame American conservatories in general and the dominant Juilliard School in particular for turning out uninteresting musicians on an assembly-line basis. "I remember a teacher at Juilliard telling me proudly that Murray Perahia could never have made it past their entrance requirements," says Mark P. Malkovitch 3d, general director of the Newport Music Festival and the Palm Beach Festival.

The complaints against Juilliard and the other conservatories have partly to do with their pouring out of vast numbers of aspiring soloists into the marketplace, cluttering the process by which the best rise to the top, and encouraging a narrow-minded concentration on "sure fire" repertoire.

Today, the conservatories are beginning to take steps to counter their image as factories for spiritually limited musician-technicians. Joseph W. Polisi, the new president of Juilliard, has instituted course requirements to encourage a more humanistic education for young musicians. "We want to get them more interested in thinking about their music," he said.

Similarly, more and more competition losers, like Egorov, are coming to the fore, or pianists are making careers outside the competition circuit, like Serkin, or competitions themselves are being restructured with an eye toward avoiding their own worst excesses — as with Yehudi Menuhin's violin competition in Paris, which stresses all manner of repertoire, and chamber and orchestral concerts, as well as the traditional 19th-century warhorses.

Many of the older teachers represented an extension of European traditions, and especially Russian-Jewish traditions, into an

Continued on page 9

The Deal-Making TV Producer in the Baby Blue Rolls-Royce

PARIS — Judith De Paul likes pretty clothes and nice furnishings and admiring actresses from men. She likes her new Rolls-Royce a lot — it is baby-blue and has a telephone — and what she really loves most of all is doing deals.

"I've been a television producer since 1978 and what you would call a deal-maker for the last three or four years, slowly getting a reputation as someone who can do deals, who is a good negotiator, a tough maverick." At the end of the sentence her eyes narrow slightly in a smile-when-you-say-that look, but she accompanies that with a hearty and lusty laugh. In her 40s, Judith De Paul is in the fast lane and is lapping it up.

De Paul, who was in Paris to start a deal with French TV, is a New Yorker who began as a child boffer, was a soprano at the Metropolitan Opera from the age of 22 to 31, and then went into television production, winning two Emmys for "An Evening of Jerome Rob-



Judith De Paul.

Judith De Paul made her first big splash in England with 22 hours of televised Gilbert and Sullivan. Her gradual move from musical programs to controversial drama has coincided with her increased power in, as she puts it, doing deals. Two specific acts precipitated the transformation: attending such courses as "Theatrical Contracts" at the New School while a fledgling producer in New York, and reading a book called "Winning Through Intimidation." It's a nice book, she says, despite the title. It's about a turtle.

"The turtle represented everyone and everyone's fears. Can I close the deal? Should I have my lawyer with me? (Her lawyer was along for her meeting with French TV.) 'Should I be bullish? Should I be soft? Should I try to smile? And he, this little turtle, went about all

these various types of deals. Reading it as a very young woman, I started to laugh and say, 'I'm not the only one,' because this book is for men and I realized that men also worry about their ability to maneuver or manipulate the strategy within the deal in order to win or to lose."

De Paul is a good-natured and kind employer to her mostly female staff of 15, who occupy a four-story town house in Mayfair. But she spends most of her time playing hardball with the guys: She is not just another corporate woman trying to blend in with a gray-tailored suit (she wouldn't dream of wearing one, except to the bank) but one of that rare breed, a swashbuckling entrepreneur, eager to stand out in a crowd.

"We're talking about show biz, entrepreneurs and a macho approach in business. And perhaps what makes it a little unusual is that I'm a woman in that climate. I do have an entrepreneurial brain and it's a creative brain so that means I find deal-making very creative. So I can sit in a meeting and when it gets hot I can usually find another way to go around the deal. Or I can be tough and stonewall."

"It probably sounds aggressive, and I don't mean it to, but you must want to win. You must. You must be fearless. And you must have an unstoppable drive to close the deal, to be one of the boys, be one of the players. You have to learn about strategy. You have to learn how to communicate, you have to learn how to coordinate, you have to learn to read P-and-L statements. You've got to familiarize yourself with all the tactics and all the back-up that your opponents have, or your colleagues have."

COMING from a male tycoon, none of this would surprise. Coming from a good-looking woman in a print dress and suede pumps, it often elicits shocked headlines simply because there aren't that many women in a position to talk openly about power. Judith De Paul doesn't mind the boys' lady image — it gets her publicity and throws male counterparts usefully off-balance. She is perfectly ready to disconnect if it gives her an advantage in a deal, just as she is willing to use football metaphors in wheeling and dealing although she knows nothing about the game.

"It's good for the image," she says, laughing. She is a workaholic. She wears on her right ring finger a knuckle-duster star ruby that she bought in India while shooting "Mountbatten." It was during the shooting that she met Indira Gandhi, the subject of her next series.

"It's one of the most exciting projects I've ever worked on because it's what we're talking about — a woman in power. And it's a personal view. It shows how she changed from a loving wife who gave birth to two boys to a woman thrust in the political arena at the age

of 48." The program will not take political sides. "It's very easy not to like a powerful woman," De Paul says. "You know there's the old saying, the man is forceful, the woman is a bitch."

Born in New York of Russian and Italian parents, De Paul made her dancing debut at the age of seven on the Ted Mack Amateur Hour, switched to singing at the School of Performing Arts (later immortalized in "Fame"), and was married for seven years to an Italian painter during her stint at the Met ("He was wonderful, he taught me a lot about life and we're still good friends"). She gave up singing at 34 and turned to TV producing, starting with "Amahl and the Night Visitors" because the composer Gian Carlo Menotti was a friend glad to give her the rights.

Successful as she was in New York, she decided that rather than be a little fish in a big pond she would rather be a big fish in London. She seems to have the best of both worlds because, although U.K.-based, Silver Chalice represents such American companies as MTM (creators of "Lou Grant," "Hill Street Blues" and other hit series), and her own product is intended for U.S. consumption.

She notes that as a singer she was always close to her conductors, "very charismatic men, very aggressive." When she started in TV, first in New York and then in London, she chose as partners men who were older, charismatic and aggressive. "And I found in producing I have become of a similar personality to these men, having nothing to do with femininity or sexuality. They were my role models. I didn't have a female role model."

Her handsome office is a study in the iconography of power, suggesting force, femininity, commerce and art. Dress is also important: since she is interested in power more than seduction, each garment has a symbolic role. "Sometimes I want a hard approach in a meeting, sometimes a soft approach." The real pros, she says, appreciate her style.

The funny thing is, the City guys like me. The City guys are tough as nails and they are smart as whips and what they like is someone who's blunt, who cites the bottom line and believes totally in what they do. Because they consider that anyone who, to use an English term, waffles, who strays from the point, is not going to be able to make the mark."

She has made it. She likes the civilities of Europe though she misses what she calls the American cowboy instinct — "It is something I was trained to have and do have." Sensibly, she realizes it is best to exercise it in a climate where it is rare.

She has no plans yet to write an autobiography. "They're not ready for it," she says with her rich, operatic laugh. Like film mogul Sam Spiegel she lives in an apartment in the Grosvenor House hotel.

"I like living in a hotel, I almost always have. What a woman needs is to be on equal footing with a man and not to have to make the damn beds."

TRAVEL

INTERNATIONAL DATEBOOK

AUSTRIA

VIENNA, Konzerthaus (tel: 72.11.11).
CONCERTS — Oct. 20 and 22: Alban Berg Quartet (Bartok, Berg, Schubert).
 Oct. 23: ORF Symphony Orchestra, ORF Choir, László Zagoršek conductor (Wozzeck).
 Oct. 24 and 25: Vienna Symphoniker, Wolfgang Sawallisch conductor, Christian Altenburger violin (Mozart, Beethoven).
RECIPIENTS — Oct. 21: Jesse Norman soprano, Philipp Moll piano (Ravel, Brahms, Mahler).
 Oct. 23: Gernot Winiwiler violin, Elisabeth Phaedoroff piano (Bach, Beethoven).
Musikverein (tel: 65.81.90).
CONCERTS — Oct. 19 and 21: Vienna Philharmonic, Leonard Bernstein conductor (Haydn, Mozart).
RECIPIENTS — Oct. 20: Paul Badura-Skoda piano (Beethoven, Schubert).
 Oct. 25: Hans Kann piano (Beethoven, Schubert).
Staatsoper (tel: 532.40).
BALLET — Oct. 21: "Sylvia" (Mérante, Delibes).
 Oct. 22: "Le Nozze di Figaro" (Mozart).
 Oct. 23: "Aida" (Verdi).
 Oct. 25: "Lohengrin" (Wagner). (Strauss).

BELGIUM

BRUSSELS, Musée de Costumes et Dentelle (tel: 511.27.42).
EXHIBITION — To Nov. 1: "Opera Costumes from 1959 to the Present."
Palais des Beaux-Arts (tel: 512.50.45).
EXHIBITION — To Dec. 22: "Spanish Splendors and Belgian Villages, 1500-1700."
Musées Royaux des Beaux-Arts de Belgique (tel: 513.55.46).
EXHIBITION — To Dec. 22: "Goya."

BRAZIL

SAO PAULO, 15th Biennial Celebration (tel: 572.77.22).
EXHIBITIONS — To Dec. 15: "Contemporary Art" (Borofsky, Dokoupil, Eckel, Duarte, Senise).
 To Dec. 15: "Modern Classics" (Portinari, Segall, Malafra).
 To Dec. 15: "The Apprentice Tourist: Photos of the Amazon Region by Maurício Bisiliani and Mario de Andrade."

DENMARK

HUMLEBAEK, Louisiana Museum of Modern Art (tel: 19.07.19).
EXHIBITION — To Dec. 1: "Russian

Avant-Garde: 1910-1930" (Malevich, Kandinsky, Gontjarova).
Klampenborg, Bellevue Theater (tel: 39.87.87).
DANCE — To Oct. 20: The Danish Dance Theater, "The Life of Dance."

ENGLAND

CANTERBURY, Marlowe Theatre (tel: 672.46).
BALLET — Oct. 19: Sadler's Wells Royal Ballet, "Giselle" (Petipa).
 Oct. 20: "The Lady and the Fool" (Cranko, Verdi).
LONDON, Barbican Centre (tel: 638.41.41).
CONCERTS — Oct. 20: London Symphony Orchestra, Richard Hickox conductor, Heather Harper soprano (Britten, Mahler).
 Oct. 20: London Concert Orchestra, Fraser Goulding conductor, Gillian Knight contralto (Handel, Mendelssohn).
 Oct. 24: London Symphony Orchestra, Claudio Abbado conductor (Nono, Mahler).
EXHIBITIONS — To Nov. 3: "Egyptian Landscapes: Weaving from the School of Ramses Wissa Wassef." To Nov. 3: "Roderic O'Conor." To Nov. 3: "HMS Pinfold" (Gilbert and Sullivan).
THEATRE — To Oct. 31: "Les Misérables" (Hugo). Musical Adaptation: Boublil and Schönberg).
British Museum (tel: 636.15.55).
EXHIBITION — To Jan. 1986: "Buddhism: Art and Faith."
 London Coliseum (tel: 836.01.11).
OPERA — Oct. 19 and 23: "Rigoletto" (Verdi).
 Oct. 22 and 25: "Don Carlos" (Verdi).
National Theatre (tel: 633.08.80).
THEATRE — Oct. 19 and 21: "The Real Inspector Hound" (Tom Stoppard) and "The Critic" (Richard Binsley Sheridan).
Tate Gallery (tel: 821.13.13).
EXHIBITIONS — To Nov. 10: "Pound's Artists." To Dec. 1: "Howard Hodgkin: Prints from 1977-1983." To Oct. 22: "Victoria and Albert Museum" (tel: 563.63.71).
EXHIBITIONS — To Oct. 22: "Textiles from the Wellcome Collection: ancient and modern textiles from the Near East and Peru." To Nov. 17: "Brownie Mugs: English Brown Salt-Glazed Stoneware." Oct. 23-Jan. 26: "Hats from India." To Jan. 19: "Shots of Style: Great Fashion Photographs Chosen by David Bailey."

FRANCE

DIJON, Musée National Maurice Mauguin (tel: 67.11.10).
EXHIBITION — To Nov. 18: "XIX Century French Portraits."
PARIS, American Center (tel: 352.21.50).
EXHIBITIONS — To Dec. 16: "Matisse." To Jan. 1: "Klee et la Musique." Centre Culturel du Mexique (tel: 549.16.26).
EXHIBITION — To Oct. 26: "Cinq Visions Mécaniques." Eglise Saint-Michel (tel: 742.70.88).
CONCERT — Oct. 19: Cardiff Polyphonic Choir, Richard Ellyn Jones director (Byrd, Tallis).
Galerie Agathe Gaillard (tel: 277.38.24).
EXHIBITION — To Nov. 9: "François Delbecq, photographs." Galerie Bernard Jourdan (tel: 296.37.47).
EXHIBITION — To Oct. 26: "Vincent Barre." Galerie Lahumière (tel: 763.03.95).
EXHIBITION — To Oct. 30: "André Masson." Galerie 1900-2000 (tel: 325.84.20).
EXHIBITION — To Oct. 21-Nov. 30: "Renoir-Musée, 1890-1970." Hotel Prince de Galles (tel: 723.55.11).
EXHIBITION — To Nov. 13: "Ere Terre-Mère," sculpture by Marion. Maison de la Radio (tel: 524.15.10).
RECIPIENTS — Oct. 22: Jean-Louis Gil organ (Bach, Liszt).
Musée d'Art Moderne (tel: 723.61.27).
EXHIBITION — To Jan. 5: "Versa Szekely." Musée Carnavalet (tel: 272.21.13).
EXHIBITIONS — To Oct. 27: "Les Grands Boulevards de Paris." To Jan. 12: "Eugène Béjot." Musée du Grand Palais (tel: 261.54.10).
EXHIBITIONS — To Nov. 3: "Salon d'Automne." Corot, Courbet, Monet. To Dec. 16: "Sir Joshua Reynolds: 1723-1792." To Jan. 6: "La Gloire de Victor Hugo." Musée du Louvre (tel: 260.39.26).
EXHIBITION — To Jan. 6: "Le Brun à Versailles." Salle Pleyel (tel: 563.07.96).
CONCERT — Oct. 19: Ensemble Orchestral de Paris, Jean-Pierre Wallat conductor, Jean-Philippe Collard piano (Haydn, Mozart).

FINLAND

HELSINKI, Finlandia Hall (tel: 904.04.21).

CONCERTS — Oct. 24: Helsinki Philharmonic Orchestra, Jerzy Maksymiuk conductor, Alenka Tenma violin (Mozart, Penderecki).

GERMANY

COLOGNE, Oper der Stadt (tel: 21.25.81).
OPERA — Oct. 19: "La Gazza Ladra" (Rossini).
 Oct. 20: "The Magic Flute" (Mozart).
 Oct. 21: "Turandot" (Puccini).
FRANKFURT, Cafe Theater (tel: 27.28.40).
THEATRE — To Oct. 31: "The Homecoming" (Pinter).
HAMBURG, Staatsoper (tel: 35.15.55).
BALLET — Oct. 19: "Midsummer's Night Dream" (Balanchine, Mendelssohn).
OPERA — Oct. 19 and 22: "Le Nozze di Figaro" (Mozart).
 Oct. 20 and 24: "Faust" (Gounod).

IRELAND

DUBLIN, Abbey Theatre (tel: 744.505).
THEATRE — Through October: "Souper Sullivan" (Hart).
Douglas Hyde Gallery (tel: 77.29.41).
EXHIBITION — To Oct. 27: "Sources." Dublin Civic Museum (tel: 77.16.42).
EXHIBITION — Through October: "18th Century Popular Music in Dublin." Gate Theater (tel: 74.40.45).
THEATRE — Through October: "The Mask of Monty" (Leonard).
EXHIBITION — Oct. 25-Nov. 15: "T.P. Flanagan." National Concert Hall (tel: 71.15.33).
CONCERT — Oct. 23: RTE Concert Orchestra, Orla Hughes conductor, Denis O'Neill tenor. Olympia Theatre (tel: 77.89.62).
MUSICAL — Through October: "Blood Brothers" (Russell).

ITALY

BOLOGNA, Galleria d'Arte Moderna (tel: 50.28.59).
EXHIBITION — To Nov. 30: "Luigi Berruti." Teatro Comunale (tel: 22.29.99).
CONCERTS — Oct. 20 and 22: Orchestra del Teatro Comunale di Bologna, Michi Inoue conductor, Coro Femenile del Teatro Comunale di Bologna (Gustav Holst, Frederick Delius, Edward Elgar).
FLORENCE, Museo Archeologico (tel: 21.52.70).
EXHIBITION — To Oct. 20: "The Etruscan Civilization." Teatro Comunale di Firenze (tel: 77.22.50).
OPERA — Oct. 20: "Faust" (Gounod).
MILAN, Teatro alla Scala (tel: 80.91.26).
CONCERTS — Oct. 16-18: Orchestra del Teatro alla Scala, Riccardo Chailly conductor, Krystian Zimerman piano (Liszt, Beethoven).
 Oct. 23-26: Fuga Philharmonic Choir, Gerd Albrecht conductor, Lubomir Mail Choir conductor (Dvorak).
NETHERLANDS

NETHERLANDS

AMSTERDAM, Concertgebouw (tel: 71.83.45).
CONCERTS — Oct. 19 and 21: Amsterdam Philharmonic Orchestra, Thomas Sanderling conductor, Rued van der Meer baritone (Brahms, Mahler).
 Oct. 20: Netherlands Chamber Orchestra, Wilfried Boettcher conductor, Imogen Cooper piano (Copland, Mozart).
 Oct. 23 and 24: Concertgebouw Orchestra, Bernard Haitink conductor, Faye Robinson soprano (Britten).
 Oct. 25: Netherlands Chamber Orchestra, Wilfried Boettcher conductor, Rued van der Meer piano (Haydn, Mendelssohn).
Rijksmuseum (tel: 73.21.21).
EXHIBITIONS — Oct. 24-Jan. 26: "Spanish Masters" (El Greco, Murillo, Velasquez).

SCOTLAND

EDINBURGH, National Museum of Antiquities of Scotland (tel: 557.25.50).
EXHIBITION — To Nov. 3: "I Am Come Home: Treasures of Prince Charles Edward Stuart." Glasgow, Theatre Royal (tel: 331.12.34).
OPERA — Oct. 23 and 26: "Oberon" (von Weber).

SPAIN

BARCELONA, Festival (tel: 317.99.28).
CONCERT — Oct. 24: Sant Jordi Choir, Oriol Martorell conductor (Schütz).
RECIPIENTS — Oct. 20: Pinaus Zukerman violin, Mark Neikrug piano (Beethoven, Mozart).
 Oct. 22: Alexis Weissenberg piano (Scriabin).
Gran Teatre del Liceu (tel: 318.92.77).
DANCE — Oct. 19 and 20: The Dance Theater of Holland, "La Mer" (Debussy).
MADRID, Museo Espanol de Arte Contemporáneo (tel: 449.71.50).
EXHIBITION — Through October: "Joan Miró." Museo del Prado (tel: 468.09.50).
EXHIBITION — Through October: "The Queen of Holland." "XVII Century Paintings from Naples."

UNITED STATES

NEW YORK, Metropolitan Museum of Art (tel: 535.77.10).
EXHIBITION — To Jan. 5: "Indian Art" (Museum of Modern Art) (tel: 708.94.00).
EXHIBITION — To Dec. 3: "New Photography" (Berman, Mendoza, Ross, Spano).
SAN FRANCISCO, M.H. De Young Memorial Museum (tel: 750.36.14).
EXHIBITIONS — To Nov. 3: "Mummies from Mexico." To Jan. 6: "Te Maori: Maori Art from New Zealand Collections."

Montenegro, Bad but Heroic

by David Binder

FROM pebbly shores to jagged ranks of mountains, Montenegro fills the eye at every azimuth — some of its vistas almost frightening, such as the plunges of rockface beneath narrow serpentine roads or tornado-like waterspouts suddenly sweeping in from the Adriatic. Long considered one of the remote corners of Europe, it has lately become accessible with the completion a few years ago of the rail line to Belgrade and improvements at its airports. It is now possible to tour Montenegro on asphalt roads, bob on a yacht in a snug harbor, arrive at an international airport and never encounter the wild, primitive or the perilous. But that could as well be a series of fortuitous moments, for this republic, one of six that make up Yugoslavia, retains the strangeness of a place that is too close to heaven and too close to hell.

Beyond the olive groves, the coasts and the karstic crags lie legacies of tribal warfare, sheep rustling and bandits — the stuff of epic poetry. The Black Mountains, so called from the 14th century when abundant fire held the heights in a hundred hues of darkness, were gradually denuded by a peasantry seeking firewood or clearing a piece of land to till. The darkness has been bleached white in myriad patches of exposed limestone rock — white except when the sun dips behind the peaks into the burnished sea. Then in the night shadows the mountains put on their original coats of blackness.

There is something ominous about the land, as if too much blood had been spilled, too much destruction wrought to allow it to remain as peaceful as it seems. Slav against Turk, Turk against Venetian, Slav against Albanian. And, if the hand of man is not strong enough at the moment to spread ruin, then nature is a powerful proxy, as with the earthquake of 1979, cracking open ancient towns — Kotor, Budva, Bar, Ulcinj — like so many walnuts. Much of the damage to venerable buildings has yet to be repaired.

Little wonder that Montenegro gave rise to the poetic inspiration of Peter Njegos, the 19th-century prince-bishop, who saw Satan and God as equals resembling Montenegrin clan chieftains in a stanic clash of evil versus good. Or that Milovan Djilas, Montenegro's most renowned 20th-century writer and a biographer of Njegos, should be the translator of Milton's "Paradise Lost."

"A bad land, but a heroic one," wrote Njegos. "Accursed but ours." In ancient times the Illyrians held sway. They were here when the Greeks sailed up from Corinth to build their trading colonies, on the coast as always. Illyria's Queen Teuta waged a spirited defense against the spreading Roman empire. It took Rome's legions 200 years to subjugate the Illyrians and to establish the profitable province of Diocletian. Who was here first, who last? The proto-Yugoslavs appeared in the seventh century and formed their kingdom of Duklja in the 11th, centered in what is now the republican capital of Titograd. They warred with Byzantium, Bulgars and Normans. Out of that grew the Serbian dynasty, making Montenegro the uncle of today's Serbia.

Montenegro is an anomalous combination of alpine heights and mountain meadows in the interior, a seacoast of infinite variety, of rushing streams and a piece of Skadar Lake, bordering on Albania. The coast remains largely Italian-Albanian, the mountains Slav. Scarcely 600,000 people occupy the 5,332 square miles (13,810 square kilometers).

Until 1912 a large chunk of Montenegro was jealously possessed by the Turks, descendants of the 14th-century Moslem invaders who conscripted not only indigenous Albanians but also Montenegrins as their converted proconsuls. So Montenegro's struggle for independence also became the fight of Christian Slavs against Moslemized Slavs — and anyone else who served under the flag bearing the crescent moon. Montenegrins think big. On a pass across the Rumija range overlooking the Albanian border a youth offers a basket of blue muscatel grapes for 100 dinars — less than a dollar. You explain that you can use only half a kilo — a pound. He looks at you as if you are an idiot and declines to do business with you. His minimum for sale remains two kilos.

And poor. Djilas recounts that he never wore undershorts until he entered high school "because of custom." Before World War II many Montenegrins wore homespun, baked bread in ashes for lack of ovens and illuminated their homes with pitchpine torches. Trade was conducted by barter. Superstition was and is strong. Houses have spirits to guard them against witches, vampires, werewolves and bad spells.

We entered Montenegro on the coastal highway, the old post road, from Dubrovnik, down the valley of Sutornia. Soon came the first view of the deeply scalloped Bay of Kotor — four indentations dug into the mountainside. Here in Herceg Novi the Montenegrin confusion begins. The town was founded 600 years ago by Tvrtko, the first Bosnian king, plainly a Slav. But it displays fortifications of Venetian, Turkish and Spanish design, a heritage of Mediterranean rivalries. It became part of Montenegro only in this century. The town of 12,000 meanders along the sharply sloping shore for a mile.

An evening storm was blowing in from Africa and the high breakers splashed the promenade that curves along the bay beneath palm trees. We found refuge in the modest and clean Hotel Topla lodged among pines and mimosa. Herceg Novi, the New Duchy as it was named when placed under the protection of the Holy Roman Empire, is a place of resplendent gardens and parks. In the almost tropical climate that prevails even in winter it is difficult to imagine there is skiing on the slopes of Subra, 10 miles to the north. Describing the climate, an acquaintance, Mama Beba, tells us with pride that Herceg Novi is "the rainiest spot in Europe," which may not be in the record books but with 333 inches a year could be close. Montenegro also boasts the most thunder.

ONE could spend months exploring the Kotor grottoes, caves and bays, with their waterfalls spouting out of a cliffside a hundred feet above the road, their frescoed churches, their island convents and monasteries. We paused here and there, for instance in Risan, the last redoubt of the Illyrian Queen Teuta. According to legend, she drowned herself in the bay rather than submit to the Romans in 228 B.C. Legend would also make her a pirate queen, the godmother of two millennia of Adriatic pirates, who had chains drawn across the Verige narrows to block access to the inner bays of Kotor. A ferry crosses here now, a distance of 900 feet. Few vestiges of the Illyrians remain, but Risan does have a fine Roman mosaic floor featuring garlanded Hypanos, the god of sleep.

On the next bend we paused again to gaze at the tiny twin islands, St. George (St. Djordje) and Madonna of Skripje, the former with the ruins of a Benedictine monastery that inspired the German romantic Alfred Bocklin to paint his "Island of the Dead" and the latter still a site of pilgrimages.



Women in traditional Albanian dresses sell onions in Old Bar.

St. George has a burial ground for sailors and Perast, the town opposite on the shore, and Kotor were homes to famous seafarers. Russia's Peter the Great sent young men from his court to attend Perast's naval school, and it was a Perast commander who helped Peter defeat the Swedes in the Baltic, using harrying tactics that were the specialty of the Adriatic pirates.

Russophilia is among the curious traditions of Montenegro. It began in the 18th century when Bishop Danilo Petrovic sought and received support in the common struggle against the Ottoman Turks. As a Russian ally, Montenegro declared war on Japan in 1905, and since this went unacknowledged it still considers itself in a state of war with the land of the rising sun.

The old coastal towns retain their markets, particularly Star (Old) Bar and Ulcinj. The Bar market is just below the ruined battlements of the Roman (Illyrian) town of Anfipoli next to olive groves with tree-trunks as thick as an elephant and as old as the Illyrians themselves — perhaps 3,000 years. In Ulcinj we saw fleeting proof of the saying that "the sweat of a Montenegrin is the most expensive liquid in the world." A Montenegrin was tending the family smoking to market, while his wife stood behind carrying a huge bundle. It was a hint of heroic tradition (so called by the Montenegrins) in which the male lazed about in the intervals of battles and the female did almost all the daily work.

At Vladimir it was market day with Albanian women in print pantaloons, tightly woven striped aprons in orange and red, silver earrings, bangles, scarves, lipstick, powder, rouge, mascara, white or pastel green stockings and delicate slippers. The men, drab by comparison, wore dark double-breasted jackets and brown berets. The newly asphalted road wound ever higher up the 2,148-foot Rumija range, past the double-plowed no man's land outcroppings of the Albanian frontier. In the distance were a few spires of Shkoder, the northern Albanian metropolis once ruled as Skadar by Serbian despots and before that a powerful Illyrian fortress called Skodra.

Then the highway enters the clouds. Only now and then does Skadar Lake become visible. But for a moment we could gaze upon its western shore with its Byzantine island cloisters — Marancik, Beska, Gorica — inhabited a thousand years ago by hermit ascetics much like the Irish skelligs. No boats on the lake, which Yugoslavia shares with Albania. No tourists, just breathtaking vistas. Orchards of pomegranates, lemons and the odors of sage, rosemary and mushrooms.

The mountain road twists, serpentine, such that even the curves have curves, with ever new glimpses of the biggest lake in the Balkans. The crump of heavy Albanian howitzers in practice maneuvers sounds across the water. In long loops we descend to Virpazar with inlets thick with water lilies, the home of cormorants, pelicans, ducks, herons.

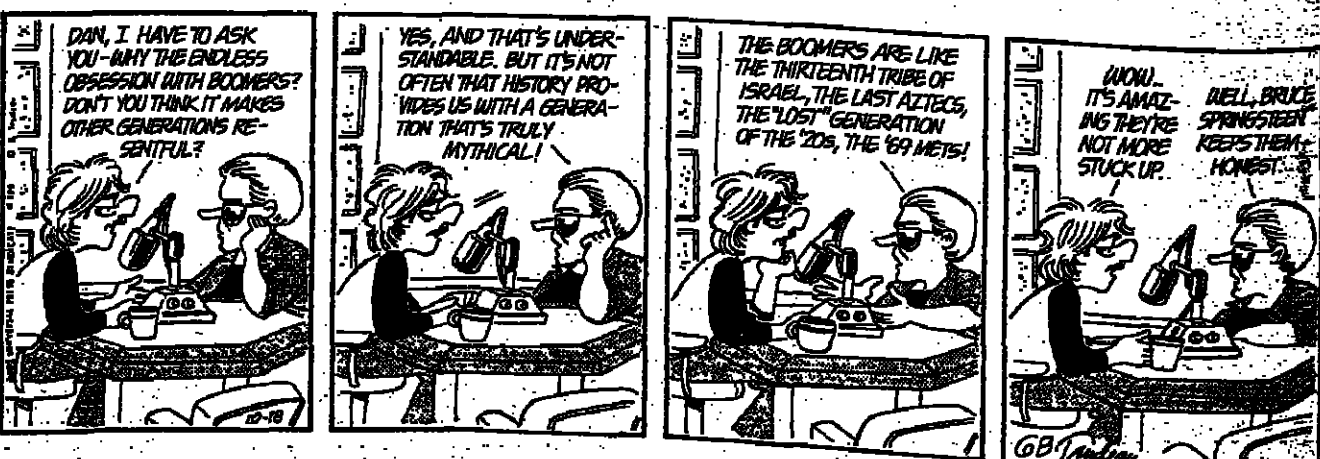
EVEN with locally purchased maps the road to the Ostrog Monastery was somewhat hit or miss. The Balkan rule, even with good roads, is that any distance is twice as far as you are told. A native said the monastery was about 25 miles distant. Fifty miles up the valley of the Zeta, a sign pointed eastward to Ostrog. Ever narrowing, the road curved up the side of the towering mountainside, past the cut of the Bar-Belgrade railway, then became hairpins bending higher to the monastery. Hundreds of feet above one could spy the white-washed outlines of the Ostrog chapel plastered onto the dark rockface like a block of ice cream: the home of St. Vasilje (Basil), a 17th-century holy man who "had the power to shake and crush" Montenegrin's enemies.

Five buses stood in a small clearing 200 feet below the white chapel, the drivers cupping, opening bottles of local Niksic beer with their teeth, while the passengers went on foot for the last portion of the pilgrimage. Some were blind, some lame, carrying votive candles and flasks to tap some of St. Vasilje's spring water. At dusk vesper bells rang seven times, and monks fragrant with incense commenced evensong for the pilgrims. Their numbers make clear that the shrines of Vasilje and Stefan constitute a national treasure.

In impoverished Montenegro, not all parish could afford church bells, and when this was the case, services were started with a volley of rifle fire. Perched on the mountainside, it was not difficult to imagine the sound of the volleys.

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FOR FUN AND PROFIT

A Top Airline Regulator Changes His Perspective

by Roger Collis

GEOFFREY LIPMAN, who has resigned as director of government and industry affairs at the International Air Transport Association, has no apparent difficulty in reconciling his previous role as a prime mover in the airlines' regulatory system to that of consumer advocate.

Back when IATA regulated everything from seat pitch to sandwiches, that might have required some fancy dialectical footwork. But in the last half-dozen years, Lipman, helping IATA to become a forum for price discussions rather than price fixing, a realpolitik that has been fairly successful in the face of pressure from governments and the EC Commission for more competition.

Lipman doesn't see himself as a gamekeeper turned poacher. "It's not as dramatic as that. What I'm going to have to do is look at everything that I've been doing from a different perspective, from a user's point of view, and ask, is that a valid activity? I've never needed to ask that question in the past."

His objective is to exploit his insider's knowledge to "influence the decision-making wherever it may be, not just in the airlines, but at governmental level, with travel agents and airport authorities, so that they take more into account what users may think. There are possibilities for influencing the system that haven't been used before. I understand where these possibilities are."

Lipman, 41, has spent 19 years at IATA. As executive director in the office of the director-general, he has had prime responsibility for political issues, the interaction of government regulations with airlines' commercial activities, and strategic planning. He will leave IATA shortly after its annual general meeting in Hamburg later this month to become executive director of IATA's new foundation in Geneva.

"IATA, as an unabashedly profit-making organization, is possibly unique as a consumer advocacy group. It claims to have more than 100,000 members and makes its money by subscriptions linked to travel-related insurance plans. Members are offered free baggage retrieval, lounges at a few airports, discounts on hotels, car rentals and other travel services. It is closely involved with airline safety issues."

A foundation is clearly defined under Swiss law. It must be non-profit-making, be seen to operate in the public interest, not be a front for a business activity and must provide an annual report to the authorities. IATA has guaranteed the existence of its foundation until the year 2000 with an annual grant of at least 500,000 Swiss francs.

Says Lipman, "IATA is making a real commitment in setting up an autonomous organization that they can't totally control." Nevertheless, he is conscious of possible image problems. "The quality of our life is fundamental to whether we'll be seen as a subtle PR ploy of IATA or as making a real contribution. The proof will be after a year when I know whether people are ignoring us or talking to us."

Lipman has identified four main areas: passenger safety, comfort and health, fares and services, preferences and travel rights and passenger rights and obligations. He plans to develop positions derived from research among IATA's membership, having first determined how representative this is of business travelers in various parts of the world. He hopes that ultimately third parties, such as airlines, might make research donations. "They might say, 'If you're going

to finance what the traveler wants in terms of comfort and baggage, we'd like to join in."

Current uncertainty about carry-on baggage is one example of Lipman's concern. "Personally, I like to carry on a reasonable-size bag. At the same time, I recognize that the whole thing's got out of hand. If the airlines had any sense, they'd make clear rules about what you can bring on and have facilities for handling it."

Lipman believes there is a need to push for more experiments in tariffs — like British Caledonian's "Time-Flower" fares, which

IATA aide to run user-oriented foundation

vary according to the time you fly — and frequent-flyer programs in Europe. He explains European airlines' acceptance last month of "tariff zones" for discount fares (a set minimum and maximum prices as currently applied on the North Atlantic and in accordance with the EC Commission's deregulation formula, Memorandum 2, and the recent initiative of the European Civil Aviation Conference). But he won't acknowledge that what's really needed is pricing flexibility on unrestricted full-economy and business-class fares.

Then there's "bumping," or denied boarding compensation. "Nobody outside the U.S. has come up with concrete proposals for giving a decent break to the public. Maybe overbooking is unavoidable, but airlines should be able to manage their inventories better. They need to focus on what happens when you as an individual get caught in the situation," Lipman says.

Another issue is the bias of airlines' computerized reservation systems, which typically favor their own services at the expense of competitors who may want access to them. (IATA is developing its own "Neutral Industry Booking System.") "But what I've scarcely heard discussed in industry circles, is the impact on the public," Lipman says. "Anders Bjork, who is rapporteur of the European Parliament, had checked his own travel arrangements over the past year. He found that a third of his trips had been booked, not for his convenience, but for the person entrusted to look after them. The average consumer isn't aware of being a victim of this bias, of this game between the airlines."

How does Lipman intend to apply pressure on the regulatory establishment as a consumer advocate? "The best example I can give is the IATA traffic conferences which now allow for representations by different interest groups. By knowing how the conferences work, which ones are going to make a decision and what are the key issues coming up, I think I'll be able to make presentations in an effective way."

For five years he has been involved in a fares and rates panel with the International Civil Aviation Organization (ICAO), "which not all that many people know about." He will also work closely with ECAC committees, where "there is scope for consumer opinions to be applied at government level" as well as with the EC Commission and the European Parliament's economic and social committee.

Lipman's plans have raised a few eyebrows in industry circles, especially at a critical juncture in the development of all EC air transport policy. But it's the timing that seems to excite him. "If this thing takes off, it will be a real challenge, and I can play a key role," he says.

Restaurant Renaissance in Rouen

ROUEN, France — Next to the sparkling Norman magic of Deauville, Trouville, and Honfleur, Rouen comes on a like a giant, groggy bear of a town, more an exit on the autoroute than a serious destination. Until a few years ago, there were few gastronomic excuses to venture into town — the traditional haunts had that dull, boring feel of having seen and having served one tourist too many, and it looked as though Rouen would never pull out of the Norman rut of boudin and apples, cream sauce and calvados.

Now, wandering through the city's open-air markets and studies menus posted outside half-timbered houses, one senses

PATRICIA WELLS

that there is a small revival taking place. Rouen is displaying a new sense of pride. To go with it, the city now offers two extremely worthy restaurants, important enough to lure you off the autoroute, even if only for a few hours.

One of a handful of young French chefs to watch today is Gilles Tournadre, a bright, conscientious man who was last seen at Normandy's lovely Chateau d'Audrieu, not far from Caen. A little more than a year ago, Tournadre moved off on his own, establishing the Restaurant Gill in the center of the city's charming maze of pedestrian streets, just steps from the grand 11th-century cathedral.

His small, ultra-contemporary dining room, decorated in shades of pale pink, blue and brown, has a smart and serious look, and service is cheery and professional.

Even a few months later, I can still see and taste every dish I sampled at Gill. When was the last time you tasted sole that actually had some character? Do you remember the last restaurant meal, or meal for that matter, where every bite from start to finish, actually made you sit up and take notice?

Tournadre has a special gift, not only for making you aware of that sculptured leaf of mint resting atop the *feuilleton de*

fraises, but for making sure the herb is so fresh your palate cannot fail to register the flavor. He can take the most mundane of dishes — a *panaché de poissons* or a *blanc manger* — and transform them into gustatory symphonies.

What's best is that he does all this not with a larder of spices or seasonings, nor a bombardment of sauces, but, quite simply, with freshness. His *panaché de poissons* has an almost breathless visual beauty, a play of vibrant orange salmon, oyster-white lortie, alabaster sole and barbe, and glistening red rouget. The fish is so fresh, and treated with such respect, that each bite makes your palate tingle.

Even his platter of *ravioli de langoustines* — a dish made famous by Joël Robuchon of Paris's Jamin — was so exceptional you could forgive the chef for being a copycat. The giant ravioli are made of perfect pasta dough, filled with moist, cloudlike mouthfuls of langoustine.

We ordered the *blanc manger* almost as a challenge. If that classic nursery dessert could excite the palate, this chef would gain a convert. He did. Instead of a bland, faintly almond dessert with that unmistakable gelatin wobble, Tournadre offered one that captured the pure essence of almonds, marked with cream, dotted with strawberries, raspberries and red currants, and surrounded by a bright-flavored strawberry coulis.

ONLY a few blocks away, hidden in one of the streets that fan out from the Place du Vieux-Marché, is Bertrand Warin, a tiny, elegant spot perfect for an extended Sunday lunch on your way back from a weekend in the country. Go with a lot of time on your hands, for although service is friendly and accommodating, it is slow. Of more than a dozen dishes sampled here recently, almost all were memorable, noticeable for their imagination and careful execution. Overseeing sadly marred a few dishes, and though Warin's cooking is less perfected than Tournadre's, he is another chef to add to your "to try" list.

Dishes that stand out most include his *rougets en habit vert* (a

first course salad of tiny whole rouget wrapped in strips of leek and set on a bed of dressed greens); the *salade de langoustines et de mangue* (a copious langoustine and mango salad served with a healthy dose of greens); and the *enveloppe de saumon aux huîtres* (a lively marriage, consisting of warm oysters sandwiched between thick slices of fresh salmon). Both the *courgettes en fleurs aux giroles* (stuffed squash blossoms showered with fresh wild mushrooms) and *noisettes d'agneau à l'estragon* (lamb nuggets with tarragon sauce) were well executed, but salt, regrettably, dominated.

Desserts here are imaginative, and above average. The unusual *beignets de melon* — chunks of fresh melon dipped in batter and quickly fried — were remarkably light and not the least bit greasy, and the *trois tartes* offer a nice change from the classic fruit tart. Warin presents a trio of delicate raspberry, lemon and kiwi tarts, with a good shortcrust base. I'm not sure what he did with the kiwi, but it was the first time that the normally bland fruit did not make me say "So what?"

The setting here is gracious and harmonious, and there is no question that you are in Normandy. The carefully restored, cottage-like restaurant is reached through a courtyard, and the small dining room is attractively and simply adorned with wooden beams, mirrors and pleasant oil paintings, with the head of tables looking out onto a bright, welcoming garden.

Gill, 60 Rue Saint-Nicholas, 76000 Rouen; tel: (33) 71.16.14. Closed Sunday and at lunch Monday, the last week in January and first week of February. Credit cards: American Express, Diner's Club, Visa. Menu at 145 francs, including service but not wine, at lunch only. A la carte, about 380 francs a person, including wine and service.

Bertrand Warin, 7-9 Rue de la Pie, 76000 Rouen; tel: (33) 89.26.69. Closed the last three weeks of August, Sunday evening and Monday. Credit cards: American Express, Diner's Club, Visa. Menu at 98 francs, not including wine and service, at lunch only (but not on Sunday). A la carte, about 350 francs a person, including wine and service.

New Passion in Music-Making

Continued from page 7

American context. Just as immigrant modernist composers shaped a generation of young American composers, so these instrumental teachers attempted to bend the American temperament — and the temperament of their many Oriental students, as well — to the styles they had grown up with. It didn't always quite "take."

Today, younger players seem to be working out a healthier synthesis of their own traditions and interests with those of their teachers — and perhaps the teachers now actively practicing are more willing to let their students express their individuality. "You have to believe and trust your own ears," says Yo-Yo Ma. "I've defended my generation often with older musicians, like my teacher Leonard Rose. They passed on their traditions to us. But some traditions are not worth keeping, if they're just copies of habits. Every generation has to reexamine the values that come down to them."

Many of the older generation of teachers, clinging to the Romanticism of their teachers, and attempted to preserve its traditions in a modernist climate that was unsympathetic to excessive emotionality. Others were themselves exponents of a hard-driving, austere, intense modernist style, the soloistic and chamber-music equivalent of Arturo Toscanini's intensity, which proved so influential in America, especially, where Toscanini spent his last decades.

The great performers of this sort — Arthur Schnabel, Rudolf Serkin; perhaps Alfred Brendel and Maurizio Pollini today — have been full of personality, albeit a personality foreign to lovers of the Romantic style. But their students and admirers sped their austerity without being able to sustain their intensity.

Today's new individuality among the younger soloists, in turn, may be part of the broader post-modernist reaction, the swing of fashion away from modernism and toward a new expressivity in the arts. Oliveira's poeticism, Peter Serkin's mysticism, Pogorelich's eccentricities, all may be the perfor-

mance equivalents of the new Romanticism in composition, the frumpiness of post-modernist architecture, the new Expressionism in painting. And if there is a parallel between newly expressive performance and newly expressive composition, then perhaps young composers and performers can reforge their lost links, and mainstream performers can begin once again to define their styles in shared sympathy with the best young composers.

For Ma, the most interesting musicians of his own age are those who question the assumptions about career and repertoire that others tried to impose upon them.

"What ties all these younger people together is that they care more about music than about their careers," Ma says. "If you do something really, really well, you are encouraged to market that skill. The people I find interesting are those who try to thwart that system. If you're only concerned with having big successes in every city, and playing 10 million concerts a year, you limit your areas of creativity. Musicians today are beginning to think in terms of long-range development, as opposed to the immediate benefits of short-term success."

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Gidon Kremer.

A Mobile French Wine Seminar

by Frank J. Priol

PARIS — There are a lot of problems with group travel, but a lot of people seem to like it and, when you come right down to it, it's probably the best way to see the European wine country. The preferred way to see the California wine country seems to be in what is known out there as a recreational vehicle, but that's another story.

In Europe, the adventurous can rent a car, buy a couple of good guides to the wine country — Hugh Johnson's "World Atlas of Wine" or "Alexis Lichine's Guide to the Wines and Vineyards of France," for instance — and take off. But for the most part wineries in France, West Germany and Italy are not the tourist attractions U.S. wineries are. Turn up in Beaune, for example, in the center of the Burgundy region, and you will find plenty of tours, but they can be pretty boring. To visit smaller producers and really get a feel for the country, you have to write in advance or know someone who can help you. In Burgundy, you also have to speak French.

Bordeaux is not much better and the distances between, say, Saint-Emilion and Saint-Estephe, can be daunting. Champagne is the easiest trip from Paris because it is so close — about 90 miles (145 kilometers) — and because the big Champagne houses are tourist-minded. But even there it's possible to spend most of the day trying to find the firm you set out to visit.

The organized trip is a way around most of these problems. Travel people and wine people have been getting together to run wine trips for years. Some of them are good, and some are not because, frankly, you've seen one wine cellar, you've seen them all. That first day, when you drive on the eager pilgrims that visiting old chateaux is not just old silver and views of the park but a succession of cold cellars — that can be a difficult day.

Now, however, a group of people here in Paris have come up with what seems like a good — though by no means cheap — wine trip idea, one that might just be the answer for those who want to see the wine country but not on their own. The group calls itself the French Wine Institute, which lends the proper academic note for what they propose to do: put on a two-week wine seminar in Paris with side trips to the wine country for hands-on or, more precisely, tongue-and-nose-on experience. The idea of combining a bit of classroom work with wine country travel is good because most people on wine tours really don't know much about wine — except, of course, for that boring couple who asked questions about volatile acid and antagonized everyone the first day out.

The groups are limited to 15. The cost is \$4,300, double occupancy, and that includes the fare for the excursions from Paris (there is a \$3,000 option for those who find their own lodgings). Everybody arrives on Saturday and is free until Sunday at 10:30 A.M. when the first session begins. It's a nice harmless lecture called "How to Understand and Enjoy Wine Tasting." Then there is a lunch and everyone is free until Monday, when there are two two-hour lectures, "The Structure of Dry White Wines" and "The Composition and Appreciation of Red Wine." Tuesday's same drill. The lectures are on describing wine and on tasting sweet white wines. All the lectures are accompanied by the appropriate wines.

ON Wednesday, everyone is up and out at Orly Airport for an 8:35 flight to Bordeaux. This is a Saint-Emilion day, with visits to chateaux — Pavie, Figeac and La Consellante. Dinner and lodging are at the Relais de Margaux in Margaux, about 35 miles from Saint-Emilion, but a good place. Thursday is in the Médoc, with visits to Chateau Palmer, Pichon-Longueville,

Cos d'Estournel and Léoville-Las-Cases. Lunch is at Pichon-Longueville.

Friday, back in Paris, there is a lecture on white Burgundy. On Saturday there are two sessions, one on soil and climate and another on red Burgundy. Sunday is free and Monday everyone who has gotten this far takes the 8:05 A.M. high-speed train to Dijon. There are visits in Morey-Saint-Denis and Volnay, a lunch in Beaune, overnight at Lameloise, the Michelin three-star restaurant-hotel in Chagny.

Then another day in Burgundy, doing white wines. A session on country wines back in Paris, then a day in Champagne. Friday there is a blind tasting, a dinner at Taillevent and school is out. In all: 20 hours of lectures, 18 in Paris and 2 in Champagne; 3 field trips, to Burgundy, Bordeaux and Champagne; 9 lunches and 3 dinners that should be quite good, and all the hand-holding and tender loving care that people who spend \$4,300 for a trip seem to expect.

There is also plenty of free time and, unlike a lot of lock-step tourism, no pressure to eat too much. There are 11 uncheduled nights, and Paris has enough to fill them all. There are some 15,000 restaurants, and the French Wine Institute people promise to steer their guests — or students — to some good ones.

The French Wine Institute is run by both Frenchmen and Americans and is well connected in France. There is one seminar a month beginning Nov. 9. The address of the Institute is 76 Avenue des Champs-Élysées, 75008 Paris.

Just one thing: Besides sounding academic, the French Wine Institute also has a sturdy bureaucratic ring to it. But this is private enterprise in the best traditions of Socialist France and has nothing to do with the government. If you hit a corked Mouton-Rothschild along the way, you're on your own.

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Rock Lyrics

Continued from page 7

Can a few rock songs overwhelm all that? So far, there appears to be no reputable scientific evidence to support such fears. "A lot of people have studied rock lyrics," said Dr. Roger Desmond, a visiting fellow at the Yale department of psychology who specializes in children and the media, "and they haven't been able to find any effects at all — no effects on socialization, for instance. In

one study, it was found that if you ask a high-school student to tell you the story of his favorite song, he can't. What they're listening to is the beat, just like they said on 'American Bandstand.'"

Even if all segments of American society were to agree that all entertainment should be sanitized to a child's level — and don't forget to ban those violent Grimm's fairy tales — rock lyrics would be an odd place to

start. They are not as immediately accessible as the genuine violence on the evening news and simulated mayhem on prime-time television; they are not as graphic as many films; even when they can be deciphered amid guitars and drums, they are clearly figments of the imagination. They are only words. Yet in the current controversy, they are being treated as deeds.

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Torvill and Dean at the Winter Olympics



Newman and Cedeno in Cincinnati.



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Country	Currency	1 year	6 mos	3 mos
Austria	A.Sch.	4,000	2,170	1,190
Belgium	B.Fr.	9,000	4,870	2,640
Denmark	D.Kr.	1,990	1,040	570
Finland	F.M.	1,410	760	414
France	F.Fr.	1,200	644	339
Germany	D.M.	492	261	144
Greece	G.Dr.	1,101	591	310
Great Britain	£	15,600	8,464	4,492
Netherlands	Fl.	550	293	165
Ireland	£ Ir.	115	62	34
Italy	Lire	276,000	145,040	82,800
Luxembourg	L.Fr.	9,000	4,870	2,640
Norway	N.Kr.	1,420	765	423
Portugal	Esc.	12,800	7,450	4,020
Spain	Pes.	21,200	11,910	6,300
Sweden	S.Kr.	1,470	795	424
Switzerland	S.Fr.	431	233	129
Rest of Europe, North Africa, former French Africa, USA, French Polynesia, Middle East		\$ 322	174	95
Rest of Africa, Canada, Latin America, Gulf States		\$ 442	238	130

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NYSE Most Actives

Vol.	High	Low	Last	Chg.
IBM	2312	2307	2312	+1/4
Microsoft	23 1/2	23 1/4	23 1/2	+1/4
Apple	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4

Dow Jones Bond Averages

Bonds	Chg.	Prev.
7-30	+0.15	81.96
Utilities	+0.15	81.96
Industrials	+0.04	81.96

Dow Jones Averages

Open	High	Low	Last	Chg.
Index	1344.24	1339.75	1344.24	+1.1
Indus	1244.24	1239.75	1244.24	+1.1
Comp	2312.24	2307.75	2312.24	+1.1
Vol	553.15	552.20	548.95	+0.67

NYSE Diaries

Chg.	Prev.	
Advanced	814	803
Declined	722	707
Unchanged	205	197
Total Issues	19	26
New Issues	19	26
New Loans	19	26
Volume up	58,645,170	58,645,170
Volume down	58,645,170	58,645,170

NYSE Index

High	Low	Close	Chg.	
Composite	108.75	108.29	108.41	+0.07
Industrials	7.00	6.92	6.94	+0.02
Transp.	102.11	101.42	101.42	+0.49
Utilities	32.74	32.64	32.71	+0.14
Finance	114.61	113.38	113.78	+0.65

Odd-Lot Trading in N.Y.

Oct. 14	Buy	Sell	% of
Oct. 14 <td>152,992</td> <td>294,622</td> <td>6771</td>	152,992	294,622	6771
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Oct. 14 <td>152,992</td> <td>294,622</td> <td>6771</td>	152,992	294,622	6771

AMEX Diaries

Chg.	Prev.	
Advanced	279	269
Declined	267	259
Unchanged	267	259
Total Issues	767	763
New Issues	767	763
New Loans	767	763
Volume up	3,004,010	3,004,010
Volume down	1,700,045	1,700,045

Standard & Poor's Index

High	Low	Close	Chg.	
Industrials	215.54	205.18	205.49	+6.86
Transp.	172.19	170.09	170.74	+1.01
Utilities	81.29	80.49	81.00	+0.11
Finance	226.07	225.18	225.00	+0.15
Composite	185.52	182.42	187.44	+0.52

NASDAQ Index

Chg.	Prev.			
Composite	282.25	+1.57	279.41	282.26
Indus	279.41	+1.57	279.41	282.26
Comp	279.41	+1.57	279.41	282.26
Transp.	279.41	+1.57	279.41	282.26
Utilities	279.41	+1.57	279.41	282.26
Finance	279.41	+1.57	279.41	282.26
Indus	279.41	+1.57	279.41	282.26
Comp	279.41	+1.57	279.41	282.26
Transp.	279.41	+1.57	279.41	282.26
Utilities	279.41	+1.57	279.41	282.26

AMEX Sales

4 P.M. volume	Prev. 4 P.M. volume
4,840,000	4,840,000
Prev. cont. volume	4,840,000

AMEX Most Actives

Vol.	High	Low	Last	Chg.
IBM	2312	2307	2312	+1/4
Microsoft	23 1/2	23 1/4	23 1/2	+1/4
Apple	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4
Amgen	23 1/2	23 1/4	23 1/2	+1/4

AMEX Stock Index

High	Low	Close	Chg.
226.07	225.18	225.89	+0.44

Thursdays
NYSE
Closing

Vol. of 4 P.M. 104,514,000
Prev. 4 P.M. vol. 117,364,000
Prev consolidated close 146,272,500

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

Dow Hits 2d Straight Record

NEW YORK — Prices on the New York Stock Exchange closed higher in heavy volume Thursday, and the Dow Jones industrial average set a record for the second consecutive day.

The Dow Jones industrial average rose 0.79 to 1,349.29, a closing high, managing to hold the more than 17-point advance made Wednesday. The market was mixed for nearly the entire session. Profit-taking wiped out a brief mid-afternoon rally, but in the last minutes of trading the Dow again moved into plus territory.

Among the 2,003 issues traded, advances outpaced declines by 813 to 723. Volume totaled 140.51 million shares — the heaviest trading day since Oct. 2 — compared with 117.36 million Wednesday.

Charles Comer of Oppenheimer & Co. said the market probably was at the high point of its recent move. He said the expiration of the October option series Friday has been a factor in helping to extend gains this week.

Some third-quarter earnings reports and interest in potential takeover situations also has supported the market's advance, Mr. Comer said. But he said the market lacks consistent leadership and investors could back off.

The divergence between the performance of the Dow industrial average and the broader market indexes is a "significant negative," he said. So is the fact that the interest-sensitive sector of the market "has not done all that well," he said.

"The next move of consequence will be down," he said.

Others disagreed.

"The market is headed higher," said Irwin

M-1 Drops \$3.3 Billion

NEW YORK — The basic measure of the U.S. money supply, M-1, which represents funds readily available for spending, plunged \$3.3 billion in the first week of October, the Federal Reserve Board said Thursday.

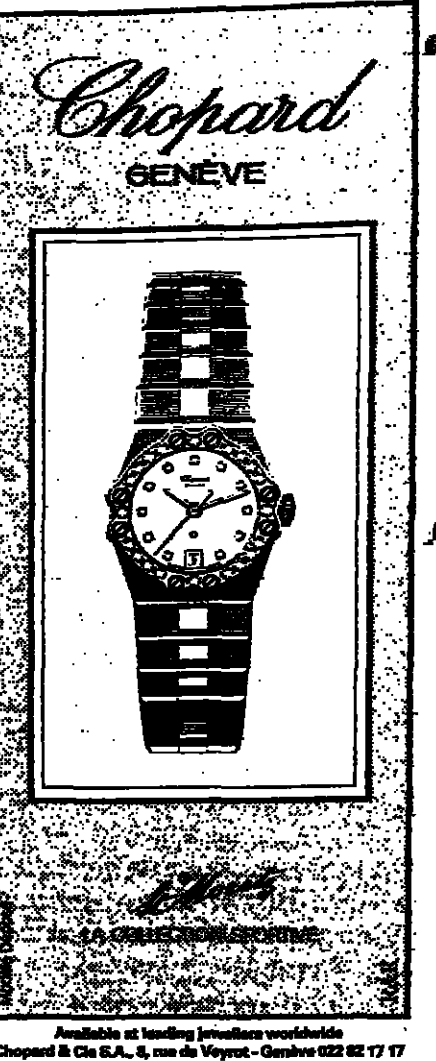
The Fed said M-1 fell to a seasonally adjusted \$611.5 billion in the week ended Oct. 7 from a revised \$614.8 billion in the previous week. The previous week's figure originally was reported as \$615.0 billion.

M-1 consists of cash in circulation, deposits in checking accounts and nonbank traveler's checks.

Berger of Stuart, Coleman. "It will make substantial new highs over a short-term period," Mr. Berger said that the strength currently focused on blue-chip issues would spill over into second-tier stocks and predicted that the broader market indexes also would move higher.

Gulf & Western was the most active NYSE-listed issue, down 1 to 43 1/2 in volume of more than 7 million shares. Gulf & Western bought a 6.7-million-share block as part of its commitment, made earlier this month, to buy back about 12 million of its shares.

Beatrice Cos. followed, climbing 1 1/2 to 45 1/4. Kohlberg Kravis Roberts & Co. made an unsolicited offer of \$45 a share in cash and stock for Beatrice.



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12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk High	Low	Close	Chg.
127 1/2	127 1/4	IBM	3.20	2.50	15.0	127 1/2	127 1/4	127 1/2	+1/4
23 1/2	23 1/4	Microsoft	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Apple	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk High	Low	Close	Chg.
127 1/2	127 1/4	IBM	3.20	2.50	15.0	127 1/2	127 1/4	127 1/2	+1/4
23 1/2	23 1/4	Microsoft	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Apple	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4

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127 1/2	127 1/4	IBM	3.20	2.50	15.0	127 1/2	127 1/4	127 1/2	+1/4
23 1/2	23 1/4	Microsoft	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Apple	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4

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23 1/2	23 1/4	Apple	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4

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23 1/2	23 1/4	Apple	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk High	Low	Close	Chg.
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23 1/2	23 1/4	Microsoft	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Apple	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4
23 1/2	23 1/4	Amgen	0.00	0.00	15.0	23 1/2	23 1/4	23 1/2	+1/4

دردن من الاميل

TECHNOLOGY

Selling Luxury-Car Radios
That Can Outsmart Thieves

By MARSHALL SCHUON

New York Times Service

NEW YORK — A new study by an insurance trade group shows that parts to reconstruct a 1985 U.S. sport coupe would cost three times the car's original price. That explains not only the high price of repairs but also the lure that has made auto theft the biggest property crime in the United States.

Not all thieves go for the complete car, of course, a fact readily apparent to the thousands of drivers who have returned to a vehicle to find a window broken and the radio gone. Finally, however, technology is coming to the rescue.

Sound systems are at the top of the thieves' hit list, and the makers of three luxury cars have begun to phase in audio components that, while not strictly theft-proof, are of no use if they are removed from the dashboard.

The systems sold by Mercedes-Benz, BMW and Saab for their cars are similar, but they work in slightly different ways. Daimler-Benz AG of West Germany makes the Mercedes, Bayerische Motoren Werke AG of West Germany makes BMWs and Saab Scania AB of Sweden makes Saabs.

A.B. Shuman, a spokesman for Mercedes, said his company's new audio components are protected by a system that is armed when the driver's key locks the door. "When that happens," he said, "juice begins to trickle through a special circuit in the radio. If the connection is broken, the microprocessor goes into a scramble mode and forgets everything it ever learned."

The next time the radio is hooked up, its display panel shows nothing but dashes. Restoration is accomplished by the dealer, and Mr. Shuman said that the repair system was highly confidential.

"We want to maintain security," he said, "so we aren't getting too specific. We want it known that the radios are in the cars, but not how they work. It's the old thing about progress. When you invent better armor, somebody else invents better armor-piercing shells."

The BMW version, made by Alpine, was introduced earlier this year. If the radio is disconnected from the electrical current in any way, it must be reprogrammed. That is accomplished by punching a five-digit code into the radio with the station-selection buttons.

Saab's system, which is new, goes the others one better and is more theft-proof, since the radio can be removed from the dashboard easily and carried away by the driver. The separate graphic equalizer, a part that tailors sound in seven bands of the audio spectrum, also can be removed, but with more difficulty.

A black rubber faceplate is provided to hide the equalizer from view. That way, both components need not be lagged into the house or locked in the trunk, and a thief will not mistake the equalizer for a radio. A battery inside the radio allows the microprocessor to retain 18 preset stations in its memory for at least a month.

Both radio and equalizer are removed with a pair of keys that unlock them from the dashboard. And the sequence for restoring them to sound health is similar to that of the BMW.

First, the part is returned to its slot in the dashboard. Next, the ignition must be turned on. The radio's power button is depressed one time, then the Dolby noise-reduction button is held in while a six-digit combination is punched in, using the station selectors. Without the proper combination, the radio emits constant and irritating beeps while the display flashes on and off.

When the 80-watt radio and tape deck are again working, they represent state-of-the-art audio—and complication. There are 34 buttons to control the functions, but even that does not say it all, because many of the buttons work in separate modes to serve more than one purpose.

However good it is, though, and despite the fact that it will not

(Continued on Page 15, Col. 4)

Currency Rates

Cross Rates	Oct. 17
American dollar	1.00
British pound	1.64
French franc	6.55
German mark	3.36
Italian lira	2.36
Japanese yen	163.60
Swiss franc	1.48
U.S. dollar	1.00
West German mark	3.36
Yen	163.60
Other Dollar Values	
Australian dollar	1.48
Belgian franc	36.36
Canadian dollar	1.00
Dutch guilder	2.36
Spanish peseta	166.67
Swedish krona	4.66
Swiss franc	1.48
U.S. dollar	1.00
West German mark	3.36
Yen	163.60

Interest Rates

Key Money Rates Oct. 17	Oct. 17
1 month	8.50%
3 months	9.00%
6 months	9.50%
1 year	10.00%
2 year	10.50%
3 year	11.00%
4 year	11.50%
5 year	12.00%
10 year	12.50%
15 year	13.00%
20 year	13.50%
25 year	14.00%
30 year	14.50%
35 year	15.00%
40 year	15.50%
45 year	16.00%
50 year	16.50%
55 year	17.00%
60 year	17.50%
65 year	18.00%
70 year	18.50%
75 year	19.00%
80 year	19.50%
85 year	20.00%
90 year	20.50%
95 year	21.00%
100 year	21.50%

U.S. Money Market Funds

Merrill Lynch Ready Assets	
30 day average yield:	7.50
Telerte Interest Rate Index:	7.842
Source: Merrill Lynch, Telete.	

Gold

Oct. 17		
A.M.	P.M.	Ch'ge

Profit Declines
At BofA

Net Down 28.6%
In 3d Quarter

Compiled by Our Staff From Dispatches

NEW YORK — BankAmerica Corp., the second-largest U.S. banking company, said Thursday that its third-quarter profit fell 28.6 percent despite a pretax gain of \$310 million on the sale of its world headquarters property.

Most major U.S. banking companies have reported double-digit profit increases for the third quarter. Manufacturers Hanover Corp. and Bank of Boston Corp. reported an increase Thursday.

The San Francisco-based parent of Bank of America, the nation's largest bank, said its net income fell to \$65 million, or 31 cents a share, in the July-September period from \$91 million, or 47 cents a share, a year earlier.

For the first nine months, BankAmerica reported a loss of \$159 million, compared with net income of \$302 million.

BankAmerica sold its world headquarters properties for \$660 million in the third quarter. It deferred pretax gain of \$237 million on the sale, which will be reflected in earnings for 10 years.

Samuel Armacost, president and chief executive, said, "We're seeing ongoing pressure in the foreign, shipping, commercial real estate and agricultural sectors of the economy."

Manufacturers Hanover, whose principal subsidiary is Manufacturers Hanover Trust Co., reported that earnings in the third quarter totaled \$100.5 million, a 13.4-percent increase from \$88.6 million in the third quarter last year. Per-share earnings rose to \$2.10, compared with \$1.69 a year earlier.

For the first nine months, earnings totaled \$299.1 million, compared with \$246.3 million.

Bank of Boston Corp. reported third-quarter earnings of \$46.5 million, an increase of 38 percent from the \$33.7 million in the third quarter of 1984.

For nine months, earnings totaled \$130 million, compared with \$89.5 million. (AP, UPI)



Reagan's Nominations to the Fed
Manuel H. Johnson Wayne D. Angell

By Peter T. Kilborn

New York Times Service

WASHINGTON — Jude Wanniski, the supply-side pamphleteer, calls Manuel H. Johnson Jr. a diplomat: "He's civil. He doesn't attempt to put other people down. He doesn't ridicule their views."

William A. Niskanen, who until early this year was a member of the President's Council of Economic Advisers, said that Mr. Johnson "is quiet and fairly effective," adding, "He doesn't come to a meeting with fire in his eyes."

By his own account, Mr. Johnson, the assistant secretary of the Treasury for economic policy, is a supply-side economist and, as such, is a member of a small, vociferous and often contentious school that captured the fancy of Ronald Reagan before the 1980 election and that has been a major influence on the course of the president's economic policies.

Last week Mr. Reagan nominated Mr. Johnson and Wayne D. Angell, also thought to be a supply-side, to the Federal Reserve Board. In joining two other members who hold similar views — the vice chairman, Preston Martin, and Martha R. Seger — the appointments could mark a watershed in the policies of the seven-member board.

The board and five presidents of the district Federal Reserve banks make up the Federal Open Market Committee, an enormously powerful institution that controls interest rates and the U.S. money supply. Mr. Johnson would assume the seat of Charles Partee (who leaves the Fed Jan. 31). Appointments to the Fed are for 14 years, except for the chairman, whose term is for four years.

Many economists fear a Fed that would abdicate control of the money supply and therefore of interest rates. According to the supply-side view, the Fed often controls interest rates and the money supply far too tightly.

The new Fed appointments distress many con-

(Continued on Page 15, Col. 5)



Reagan's Nominations to the Fed
Manuel H. Johnson Wayne D. Angell

By Steven Greenhouse

New York Times Service

CHICAGO — The Federal Reserve Board is not bursting with farmers or small bankers. In Wayne D. Angell, who was nominated last week to be a member of the Federal Reserve Board, the central bank will now have someone with firsthand experience in dealing with the consequences of Fed policy on both troubled areas.

By Mr. Angell's reckoning, his correct interpretation of earlier Fed decisions enabled banks under his family's control to avoid the fate of many financial institutions that have lent heavily to the nation's farmers.

"In 1981 I became convinced that the monetary policy in place would cause the value of farm land to fall by 40 percent," the 55-year-old Kansan said. "None of the directors believed me except my brother, but they agreed that we would not lead more than 60 percent of the value of any piece on land."

Many of Mr. Angell's friends are hoping he will use his new position to go to bat for embattled rural America. But Mr. Angell takes a less parochial view of his new role.

"I don't believe that monetary policy should be run solely for agriculture's interest or for commerce's interest or for industry's," he said in a telephone interview from his home in Ottawa, Kansas, where he lives with his wife and four children and teaches at Ottawa University, his alma mater. "I think each governor should have a responsibility to the entire country."

Mr. Angell showed his concern about the effects of monetary policy on farmers in a statement that he recently gave to Senator Robert J. Dole, the Kansas Republican who is his chief sponsor for the Fed seat. In the statement, Mr. Angell borrowed a novel idea from other economists and said the Federal Reserve Board should aim, as one of its priorities, to assure that a selected market basket

(Continued on Page 15, Col. 6)

EC-U.S. Dispute Intensifies Over Wheat Subsidies

By Steven J. Dryden

International Herald Tribune

BRUSSELS — The European Community, responding to President Ronald Reagan's decision to contest EC support of wheat exports, said Thursday that it will initiate a similar complaint about a U.S. subsidy program in the General Agreement on Tariffs and Trade.

The dual complaints mark worsening trade relations between the United States and the 10-nation community, EC officials said. Disputes have increased in the past year, particularly over U.S. challenges to the community's agricultural trade policies and attempts to limit EC steel exports.

Mr. Reagan asked Clayton K. Yeutter, the U.S. trade representative, to file a complaint with GATT about EC subsidies of wheat exports, which U.S. officials said cost American farmers \$2 billion annually.

The European Commission, the EC's executive body, said the community had "always followed a price policy conforming to its international obligations." The new U.S. program to subsidize farm exports contradicted GATT's subsidy code, the statement said, and has caused a "drop in wheat prices on the world market which is detrimental to other exporters."

A complaint filed with GATT sets in motion a lengthy, complex series of talks supervised by GATT, which regulates world trade.

Mogens Marcussen, a commission expert on international agricultural affairs, said that U.S. subsidies on such commodities as dairy products, sugar and tobacco are as high as those of the EC nations. He said that it was "politically very difficult" for the EC to take action against its farmers by forcing a reduction in production.

Another commission official, pointing to the current trade disputes, said, "things are bad at the moment" and that the U.S. action "makes bad relations worse."

That official, who asked not to be further identified, noted that in September Mr. Reagan had de-

manded a settlement in the U.S.-EC dispute over the EC's aid to canned fruit manufacturers.

"The Reagan administration 'needed something big' to show its intention to reduce the trade deficit, rather than a 'tidbit for Congress' like the canned fruit issue," the commission official said. "What could be bigger than wheat?"

The administration, opening an offensive against what it considers the community's unfair trading practices, launched a \$2-billion program last spring to subsidize American farm exports. U.S. officials have acknowledged that the special program, which uses surplus farm products as a bonus to attract sales, has had only limited success.

The United States has offered wheat to Algeria, North Yemen, Morocco and Egypt under the special plan, but only Egypt has responded with a commitment to buy, according to an official of the U.S. mission to the community in Brussels.

In response to the U.S. program, the community in September raised subsidies allowed to exports of wheat to the Mediterranean region. The move was followed by a substantial community sale of wheat to Algeria.

In a related development, the commission said it would ask the EC Council of Ministers to bring forward by one year, to Jan. 1, 1986, an across-the-board tariff cut agreed under the Tokyo GATT round. The move is important to developing countries, who believe the reduction should accompany preparations for a new round of multilateral trade negotiations.

The other main trade issues now complicating U.S.-EC relations concern community exports of steel and wine to the United States and the EC policy on citrus-fruit exports from its Mediterranean trading partners.

The United States has threatened unilateral action to limit EC steel exports if an agreement is not reached on the issue by Oct. 31.

United Technologies
To Close Mostek Unit

United Press International

HARTFORD, Connecticut — United Technologies Corp. said Thursday that it planned to terminate the operation of its Mostek semiconductor subsidiary and sell its telecommunications business, resulting in after-tax loss provisions of \$423.7 million.

The loss provisions, partially offset by a nonrecurring gain from the previously announced sale of In-mot Corp., resulted in a net loss of \$45.6 million for the third quarter of 1985.

That compares with net income of \$192.7 million, or \$1.48 a share, for the third quarter of 1984.

"Satisfactory results from our core businesses during the first nine months were overshadowed by losses in Mostek and our telecommunications business," said Harry J. Gray, chairman and chief executive officer of UTC.

"The actions we are taking are difficult and unpleasant, but absolutely essential to end the drain on earnings," he said.

The after-tax effect of the In-mot gain and the loss provisions for the Mostek and telecommunications businesses, along with the after-tax operating results of those businesses, are classified as discontinued operations.

UTC said its continuing operations were profitable in the third quarter, with after-tax earnings of \$147.5 million. Restated to exclude discontinued operations, after-tax earnings for the third quarter in 1984 were \$189.9 million, including a \$44.6-million nonrecurring tax credit.

Earnings from continuing operations for the third quarter of 1985 were \$1.08 per share, compared with \$1.46 a share in the third period last year.

Sales from continuing operations for the third quarter of 1985 totaled \$3.4 billion, compared with \$3.5 billion for the continuing operations a year earlier.

Mostek has been struggling to hold on to its market in recent months in the face of mounting problems of its own and generally depressed conditions in the U.S. semiconductor industry brought on chiefly by tough Japanese competition.

The company, situated in the Dallas suburb of Carrollton, has been drastically cutting its work force at home and overseas.

Last month, Mostek laid off about 1,250 of the 1,900 workers at its semiconductor assembly and test facility in Penang, Malaysia.

Six hundred other workers were laid off at the Penang facility last April. Company officials cited the "continued lack of demand and severe price erosion" in the dynamic random access memory market for its action.

Dynamic random access memory, or DRAM, is Mostek's major chip product.

The trimming operations had been expected since UTC named James Fiebigler, former Motorola executive, to president and chief executive officer of Mostek in August.

Industry experts estimate that Mostek's losses were running as high as \$200 million so far this year. The parent company does not give a breakdown of its subsidiaries.

Thursday's action is expected to affect about 3,700 remaining employees.

Stanley A. Balter, semiconductor industry analyst for Herdfield & Stern Inc. of Paramus, New Jersey, said UTC might seek a buyer for Mostek, which he said has some attractive equipment and qualified personnel.

Mr. Balter said the situation at Mostek showed "there is too much capacity in the semiconductor industry."

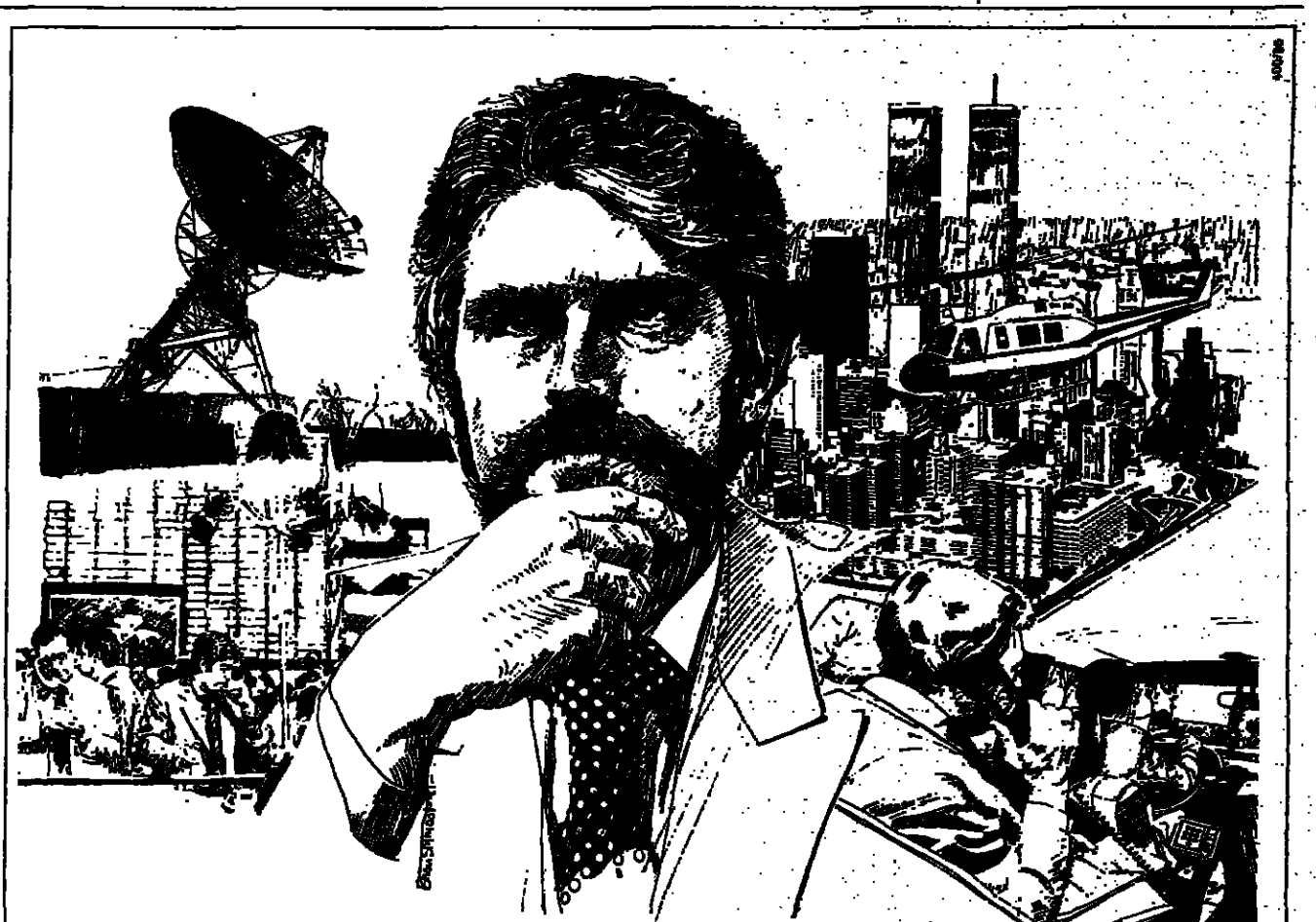
Airline Reform in Europe Sought,
But Critics Want Broader Changes

The Associated Press

BRUSSELS — The Association of European Airlines called Thursday for limited liberalization of European air transport, where at the same time the benefits of interline cooperation would be maintained. The proposals by the association, an umbrella group composed mostly of national air carriers, already have been criticized by some members seeking faster action to open up Europe's airlines to more competition and less regulation.

British Caledonian plans to withdraw from a committee that prepared the proposals on the grounds that they do not go far enough. The association called for eliminating the strict 50-50 sharing of routes, and for a limited number of discount tariffs that do not require prior government approval.

The proposals came in reply to a 1984 European Commission paper urging a limited opening of the airline industry to competition. The commission's proposals have not yet been endorsed by all of the EC nations.



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BUSINESS ROUNDUP

American Express Posts 32% Rise in Earnings

United Press International
NEW YORK — American Express Co. reported Thursday that third-quarter earnings rose 32 percent on substantial gains in its traditional businesses and in newer areas such as financial services.

In the June-September quarter American Express earned \$245.2 million, or \$1.08 a share, up from \$185.2 million, or 85 cents a share, in the same quarter last year. Revenues climbed 13.7 percent to \$3.81 billion from \$3.35 billion.

In the first nine months of 1985 American Express's profit was up 22 percent to \$537.0 million, or \$2.36 a share, from \$440.1 million, or \$2.03 a share, in the first nine months of 1984. Revenue increased 17.7 percent to \$11.06 billion from \$9.40 billion.

Travel-related services had a 19 percent advance in profit, to \$140 million in the quarter from \$118 million a year earlier. Card-charge volume increased 19 percent to \$14.1 billion.

American Express said third-quarter earnings benefited from a \$10 increase in the annual fee for the U.S. personal card that went into effect in June.

Sales of traveler's checks were up 7.8 percent to \$5.6 billion in the latest quarter.

First Data Resources, a majority-owned subsidiary, posted a 40 percent increase in third-quarter profit.

International banking service's earnings rose 11 percent to \$40 million in the quarter from \$36 million a year earlier. The company said strong results from Treasury operations and foreign-exchange services were partially offset by "interest not recognized on nonaccruing loans, primarily in Latin America."

It received \$8 million of past-due interest from Argentina during the quarter.

American Express said the provision for loan losses was \$22 mil-

lion in the quarter while net loan write-offs were \$16 million.

Investment services showed a 20 percent gain in profit to \$36 million from \$30 million — the first full quarter reflecting the acquisition of Lehman Brothers' investment advisory, commission and investment banking revenues were significantly higher.

Insurance-service earnings advanced 144 percent to \$34 million. Warner Amex Cable Communications, in which American Express will sell its 50-percent stake to Warner Communications, recorded a profit.

Siemens Automation Orders

Reuters
MUNICH — Siemens AG said Thursday that incoming orders for its production automation and automation systems division rose 40 percent to 2 billion Deutsche marks (\$746 million) in the financial year ended in September.

British Telecom Plans to Trim 4,000 Jobs in '85

Reuters
LONDON — A spokesman for British Telecommunications PLC said the company is planning to cut 4,000 jobs this year from its 197,000-person local communications services division.

The proposal was outlined in a confidential internal memo, which was reported in Thursday's editions of the Financial Times. The memo tells managers to "examine existing arrangements with unions, both local and national, and change practices which are no longer consistent with running the business excellently," the newspaper said.

The spokesman said that BT hoped to reduce its work force through attrition. The company has trimmed its work force by 15,000 jobs during the last three years to about 240,000.

Coca-Cola Earnings Increase As Classic Outsell New Coke

Compiled by Our Staff From Dispatches
ATLANTA — The Coca-Cola Co. reported on Thursday a per-share earnings increase of 10.4 percent to \$1.48 in the third quarter and noted strong growth in the domestic sugar-cola sector and in international operations.

The company also confirmed that Coca-Cola Classic is outselling new Coke in the United States, and that the introduction of new Coke on the international market has been delayed until next spring.

Net income for the quarter rose 11.6 percent to \$196 million. For the first nine months of 1985, earnings per share rose 8 percent to \$4.06, and net income increased 6.9 percent to \$533 million.

"The success of the Coca-Cola megabrand strategy is demonstrated by total U.S. soft drink unit volume growth to 8 percent in the quarter, with the largest component — sugar colas — growing more than 9 percent," said Roberto

C. Goizueta, chairman and chief executive officer.

David Goldman, an analyst with the investment firm Dean Witter Reynolds Inc., said, "the real question is when do they kill the new Coke?"

Coca-Cola's net income for the third quarter was \$195.66 million, up 11.6 percent over \$175.3 million for the same period last year.

Net income for the first nine months was \$532.9 million compared with \$498.4 million, an increase of 6.9 percent.

Increases in net income and earnings per share in the third quarter resulted from higher nonoperating income and a reduction in the company's effective tax rate, the statement said.

Operating income declined 3 percent as a result of costs associated with the distribution of Coca-Cola Classic and Cherry Coke, another new product. (AP, UPI)

Kuwait Banker Moves to Bahrain

By Brenda Erdmann
International Herald Tribune
LONDON — Seraj Al Baker, one of Kuwait's highest-flying young bankers, has moved to Bahrain to take up the new post of assistant to the president of Arab Banking Corp.

Mr. Al Baker, 34, will report to Abdullah A. Saudi, who is president, deputy chairman and chief executive of the Bahrain-based bank, owned by Kuwait, Libya and Abu Dhabi.

Mr. Al Baker was deputy general manager of Kuwait International Investment Co., where he was responsible for syndications and banking. Those duties have passed to Abdullah Al Muneefi, formerly manager of the credit department, who has been named an assistant general manager.

Mr. Al Baker declined to say what his responsibilities would be at ABC. Established five years ago, the bank in recent years has acquired units in West Germany, Spain and Hong Kong and is establishing a securities department to match its large syndicated-loans business.

As of June 30, it had assets of \$11.8 billion, making it one of the largest Arab-owned banks.

Philip NV, the Dutch electronics group, said a proposal that Gert Lorenz should be appointed a member of its board of management will be put to the annual general meeting to be held April 22. He is chairman of the management of Philips Kommunikations Industrie AG of Nuremberg, West Germany, and a member of the senior management committee of Allgemeine Deutsche Philips Industrie GmbH in Hamburg.

British Telecommunications PLC has appointed David Scholey as a nonexecutive director. Mr. Scholey has been joint chairman of S.C. Wulburg & Co. since 1980. He is also chairman of Wulburg's parent company, Mercury Securities PLC and Mercury International Group PLC, and a director of the Bank of England.

Deutsche Bank AG said Lutz Mellinger has joined Manfred ten Brink as general manager of its London branch. Mr. Mellinger succeeds Christian Strenger, who will become chief executive at Deutsche Bank Capital Corp., the U.S. investment and banking unit of Deutsche Bank, in New York Jan. 1.

Novo Industri A/S has named Claus Kuhl vice president, with responsibility for medical and drug regulatory affairs, a newly created post within the pharmaceutical division. Dr. Kuhl has been chief physician at Hvidovre Hospital since 1981 and manager and chief physician since 1982. In his new post, his initial task will be to establish an organization for medical services and clinical documents.

To Our Readers

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tion of pharmaceuticals. Novo Industri is Danish biotechnology and pharmaceuticals concern.

Karstadt AG said it has proposed naming to its board Bernd Hebbeling, managing board chairman of rival department store chain, Herten AG. A statement said Karstadt's supervisory board will vote on the proposed appointment Oct. 28. If approved, Mr. Hebbeling will become deputy managing chairman of Karstadt, responsible for the buying of textiles, in addition to other responsibilities in the new post.

Ametaleo Ltd. in London said Christopher J. Bristow has been appointed resident manager of Ametaleo's Hong Kong office, which will open early next year. Mr. Bristow currently is a precious-metals trader specializing in platinum, palladium and bullion in the London office of Ametaleo, which is a unit of Amas Inc., the U.S.-based energy and mining company.

Degussa Pacific Ltd. of Hong Kong, a subsidiary of the West German metals, chemicals and pharmaceuticals group, Degussa AG, has opened an office in Seoul. Hanns Joachim Sohn has been appointed to head the new office, which is the fourth opened by Degussa in Asia in the past 10 months.

Fluor (Great Britain) Ltd. has appointed Dennis Bernhart, formerly vice president, sales, as managing director, succeeding Gordon Dible after Dec. 1. Mr. Dible will be transferred to the Irvine, California, head office of Fluor Engineers. Both are units of Fluor Corp., a U.S. energy and natural resources concern.

ITT Europe Inc. in Brussels has appointed Ronald E. Casey and Michael F. Gambello vice presidents. Mr. Casey is director, personnel, for ITT Europe, and Mr. Gambello is director of industrial and employee relations for the company.

Glaxo Pharmaceuticals said John V. Burke is to become managing director from Nov. 1. He succeeds Bernard D. Taylor, who remains as chairman of Glaxo Pharmaceuticals and who will become chief executive of the parent, Glaxo Holdings PLC in February. Mr. Burke was managing director of Merck Sharpe & Dohme U.K.

Bache Securities (U.K.) Inc. has named Peter Ackland as head of

trading in its Eurobond division. Previously, he was head of trading at Drexel Burnham Lambert Securities Ltd. in London.

National Westminster Bank PLC said David Harris has been appointed a deputy general manager of its management services division. He succeeds Bert Morris, who becomes general manager of the division upon the retirement of Gordon Reeve Oct. 31. Mr. Harris was a senior executive of NatWest's related banking services division.

Butterfield-Harvey PLC said Harry G. Cressman, director-general of the American Chamber of Commerce in London, has been appointed to Butterfield-Harvey's board. Butterfield-Harvey is a unit of Technology Inc. of Dayton, Ohio.

Rolls-Royce Ltd., the British engine maker, has appointed Alan D.F. Smith president and chief operating officer of Rolls-Royce Inc., its U.S. unit, effective Jan. 1. Mr. Smith, currently commercial director of the civil-engine group of the parent, will succeed S.L. Higginbottom, chairman and president, who is to retire as president Jan. 1. He will continue as chairman.

State Street London Ltd. said Michael J. Laughlin has been appointed a director and as marketing director. He will be responsible for developing markets in Britain, Europe and the Middle East for State Street's expanding securities custody and portfolio record-keeping businesses. Previously, he was a vice president in State Street's asset management and mutual funds divisions. State Street Bank & Trust Co. is based in Boston.

Bank of America has named Ramzi F. Asfour vice president and senior account officer in the London private banking office. He has special responsibility for the Middle East. He was vice president and Middle East representative for Paine Webber Inc.

Freshfields, a London-based law firm, has opened an office in Hong Kong. Mark Freeman, who was head of the finance group in London, is the senior partner in Hong Kong; Hugh Stubbs, a commercial litigation partner in London, will join the Hong Kong office in January, and Ruth Markland, a commercial partner, will be transferred from the Singapore office.

CBS Invites Loews to Raise Stake in Network

By Michael A. Hiltzik
Los Angeles Times Service
NEW YORK — Moving to erect a meaningful barrier against hostile takeover attempts, CBS said it reached an agreement with Loews Corp. under which Loews will acquire as much as 25 percent of CBS's stock.

Loews chairman and chief executive, Laurence A. Tisch, also will join the CBS board, it was announced Wednesday.

The agreement gives CBS a significant takeover defense that has not previously been in its arsenal: a large block of its stock in friendly hands.

Loews was expected Thursday to tell the Securities and Exchange Commission that it intends to in-

crease its CBS stake to 25 percent from 11.3 percent, a holding that already makes it the largest shareholder.

"It is a mutual love affair," said William E. Lilley 3d, CBS senior vice president for corporate affairs. "We could not be more pleased with this arrangement. This was our intention."

Wall Street professionals and CBS sources characterized the agreement with Loews as a positive one for the network, which has been the victim of takeover speculation since Ted Turner, the Atlanta television magnate, began his abortive attempt to take over the company last spring. Mr. Turner's campaign was defeated when CBS completed the repurchase of 25

percent of its own shares on July 31.

"This is clearly a very friendly invitation for [Mr. Tisch] to go on the board," said David Londerer, a broadcasting analyst for the New York investment house of Wertheim & Co.

Loews, a conglomerate that derives its name from a theater chain from which it grew but gets most of its income from cigarettes, hotels and insurance, is managed by Mr. Tisch and his brother, Preston Robert Tisch.

Announcement of the Loews agreement came after the close of the New York Stock Exchange on Wednesday. CBS stock fell \$2.75 per share Thursday to close at \$114.75. Loews closed at \$46.75, up \$1.125 from Wednesday.

Aramco to Cut Its Work Force

The Associated Press

DHAHRAN, Saudi Arabia — Aramco, Saudi Arabia's oil production company, plans to cut its work force by 7,000 before the end of 1986, company officials were quoted Thursday as saying.

The officials, in the interview with the English-language Saudi Gazette, said the cutbacks were necessary because reductions in oil production had cut revenues. Aramco this year is expected to show a deficit of about 2.92 billion riyals (\$800 million), the paper said.

COMPANY NOTES

Burns, Philip & Co. has signed a joint-venture agreement with Meishan Co. of China to build a yeast plant in Guangdong province. It will take a 2-million-American-dollar (\$1.4-million) stake in the plant. Most of the output will be sold in China.

Deutsche Babcock AG has agreed to license China to build rolling mills for coal-processing plants. Its Austrian subsidiary Leobersdorfer Maschinenfabrik AG has awarded a license to China for the construction of compressor plants used in drilling.

General Electric is planning to invest 63 million Singapore dollars (\$30 million) to upgrade its four Singapore plants. About 18.2 million dollars of the new investment will be used for equipment used in plants to make semiconductor products.

General Motors Corp. has in-

creased its share in Isuzu Motors Ltd. to 38.6 percent from 34.2 percent by converting half the \$200 million in convertible bonds it held in the Japanese automaker. GM was already the largest of Isuzu's shareholders.

Kraftwerk Union AG has won an order for the construction of a nuclear-fuel plant in Taegon, South Korea. It was the first nuclear contract awarded by South Korea to a West German company.

Matsushita Electric Corp. of America will supply color television sets built in Franklin Park, New Jersey, to General Electric Co. The agreement calls for between 200,000 and 300,000 sets in the first 12 months, starting early in 1986, rising to 500,000. GE plans to withdraw from color-television production.

Parker Pen Co., experiencing sluggish sales in recent years, is

being sold to a private investment group whose lead investor is Schroeder Ventures, an investment banking house of London.

Shell Coal International Ltd. has withdrawn from a \$300-million joint venture that planned to develop a coal mine in China. The open-pit mine had been expected to produce up to 4 million metric tons of coal each year for use in power stations.

Sheraton will operate a luxury hotel in Shanghai, its second in China. The Hua Ting hotel, which will have 1,000 rooms, is scheduled to open in April.

Lawson Restates Commitment To Reduce Inflation in U.K.

By Bob Hagerty
International Herald Tribune

LONDON — Nigel Lawson, chancellor of the exchequer, sought Thursday night to convince a skeptical financial community that the British government remains firmly committed to reducing inflation.

In an eagerly awaited speech before bankers and brokers, he argued that recent bulges in the money supply were an aberration and that other indicators pointed to a further drop in inflation, running at 5.9 percent. Mr. Lawson also rejected calls to cut interest rates sharply and raise government spending in an attempt to create more jobs, even though unemployment stands at a politically unpalatable 13 percent.

He reiterated his forecast that inflation would fall below 4 percent by mid-1986. But, he said, the government is prepared to push up short-term interest rates if that appears necessary to damp down inflationary pressures.

"Let there be no doubt about this," Mr. Lawson said.

Nonetheless, some leading analysts remained doubtful. "He's not convinced me, and I don't think he's going to convince the market that he has a clearly defined strategy for dealing with monetary policy," said Stephen Lewis, chief economist at the stockbrokerage of Phillips & Drew.

The government is trying to avoid another loss of confidence in its anti-inflation resolve, such as the one that helped precipitate a plunge in the pound in January and February. To halt that slide, the government had to push up interest rates by 4.5 percentage points within weeks. British rates remain about six points above those of West Germany, underlying worries that the pound will fall against the Deutsche mark and other major currencies.

Both Mr. Lewis and Richard Jeffrey, an economist at Hoare Govett Ltd., expressed anxiety that the government would try to reduce interest rates too rapidly and thus prompt another sharp drop in the pound's value.

Already, many economists are anxious about the growth of sterling M-3, the most closely watched money-supply measure, which comprises notes and coins held by the public as well as pound-denominated bank deposits, including certificates of deposit, held by the British private sector. Sterling M-3 has grown at an annual rate of 18.5 percent in the past six months, far above the government's target range of 5 to 9 percent.

Some economists have taken this "overshooting" as evidence that the government is buckling under political pressure and trying quietly to reflate the economy. Mr. Lawson insisted that the essence of the government's policy is unchanged.

In retrospect, he said, the target range was set low. M-3 has grown so fast partly because companies and people are holding a higher proportion of their savings in liquid instruments, such as bank deposits and CDs, Mr. Lawson said. This kind of money-supply growth does not suggest a desire to go on an inflationary spending spree.

Mr. Lewis conceded that point but argued that the government should still be worried about rapid growth of bank lending.

Because M-3 has become less reliable, Mr. Lawson confirmed, the authorities are placing greater em-

phasis on the exchange rate as a guide to whether monetary policy is tight enough to hold down inflation. Sharp movements in the exchange rate "tend to coincide with changes in the market's perception of monetary ease or stringency," he noted.

Mr. Lawson stressed the need for flexibility in following monetary guidelines. "It is, I recognize, all frightfully annoying for the young Turks who write the brokers' circulars," he said, alluding to the statement of a former Labor Party chancellor, Denis Healey, that he would not allow his policy to be dictated by "young men who write brokers' circulars."

NOTICE TO SHAREHOLDERS
REPUBLIC HOLDING S.A., LUXEMBOURG
(Formerly TRADE DEVELOPMENT BANK HOLDING S.A.)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Republic Holding S.A. ("RH") will be held at l'Hôtel le Royal, 12 Boulevard Royal, Luxembourg,

on October 29, 1985, at 2.30 p.m.

for the purpose of considering and voting on the following matters:

1. Decision to put Republic Holding S.A. in liquidation.
2. Appointment of Messrs. Jean Hoes, Roger Junod, C.G. Rodney Leach and Walter H. Weiner as Liquidators of Republic Holding S.A., each of them acting severally and individually.
3. Approval of the Liquidation Plan submitted by the Board of Directors.
4. Decision to maintain the Statutory Auditors' appointment in order to report on the Company's 1985 accounts to the Shareholders meeting to which the 1985 Financial Statements will be submitted for approval.
5. Miscellaneous.

By order of the Board
Edmond J. Sefra
Chairman

NOTES:

Any shareholder whose shares are in bearer form and who wishes to attend the Extraordinary General Meeting must produce a depositary receipt or present his share certificates to gain admission.

If he wishes to be represented at the meeting, he must lodge a proxy, duly completed, together with a depositary receipt at the registered office of RH at 13 Boulevard de la Foire, Luxembourg not later than October 28, 1985 at 5 p.m. The shareholder may obtain the depositary receipt and, if required, the form of proxy, from any of the banks listed below by lodging his share certificates at their office or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Extraordinary General Meeting at his address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at RH's office in accordance with the above instructions.

The remittance of the form of proxy will not preclude a shareholder from attending in person and voting at the meeting if he so desires.

The resolution concerning item 1. of the agenda requires a majority of at least two thirds of the votes of the shareholders present or represented, provided there is a quorum of at least fifty percent of issued share capital. There is no limitation as to the number of shares for which any shareholder or proxy may cast votes.

The resolutions concerning items 2. to 5. of the agenda may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one fifth of the issued share capital or more than two fifths of all shares represented at the meeting.

Shareholders may obtain copies of the documentation listed hereunder:

1. This notice.
2. Statement of Mr. Edmond J. Sefra, Chairman of the Board and Liquidation Plan of the company.
3. Information statement on Republic New York Corporation at the registered office and from any of the banks at the following addresses:

- Manufacturers Hanover Limited
8 Finsbury Street, London EC2P 2EN (England)
- Banque Internationale à Luxembourg S.A.
2 Boulevard Royal, Luxembourg (Luxembourg)
- Manufacturers Hanover Bank Belgium
13 Rue de Léopold, 1000 Brussels (Belgium)
- Manufacturers Hanover Banque Neufrique
20 Rue de la Ville-Vieille, 75008 Paris (France)
- Manufacturers Hanover Trust Company
Bockenheimer Landstrasse 51/53, Frankfurt (W. Germany)
- Manufacturers Hanover Trust Company
40 Wall Street, New York, N.Y. 10015 (U.S.A.)
- Republic National Bank of New York
432 Fifth Avenue, New York, N.Y. 10018 (U.S.A.)
- Republic National Bank of New York
46 Berkeley Square, London W1X 8DB (England)
- Republic National Bank of New York (Luxembourg) S.A.
103 Grand Rue, 1661 Luxembourg (Luxembourg)
- Republic National Bank of New York (France) S.A.
20 Place Vendôme, 75001 Paris (France)
- Trade Development Bank
30 Monument Street, London EC3R 6LN (England)
- Trade Development Bank (Luxembourg) S.A.
54 Avenue de la Porte Neuve, Luxembourg (Luxembourg)
- Trade Development Bank
94-96 Rue de l'Écluse, 1204 Geneva (Switzerland)
- Trade Development Bank
25 Corso S. Gottardo, 6830 Chiasso (Switzerland)

* Paying Agent of Republic Holding S.A.

...world oil supply...demand...
inventories...economic growth
...prices...OPEC...

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Singapore: Wing On Life Building, 150 Cecil St., Singapore 0106.
Tel: 234 6122

Hong Kong: 9th Floor, Shell House, 24-28 Queen's Road Central, Hong Kong.
Tel: K52 5226/51

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CURRENCY MARKETS

Dollar Falls Sharply on U.S. Economic Data

Compiled by Our Staff From Dispatches

NEW YORK — The dollar closed sharply lower Thursday against all major currencies, battered by central bank intervention and disappointing U.S. economic data.

Several dealers said that they believed the Federal Reserve twice sold small amounts of dollars for Deutsche marks and Japanese yen in New York trading.

"There were reports that the Fed and the Bank of Japan were in the market throughout the day," said Daniel Holland, vice president of Discount Corp. of New York. "It's estimated that the Fed was in for \$1.3 billion."

"Without the intervention the dollar could have moved to at least 2.70 against the mark," he said. Dealers said the Fed again sold dollars when the dollar was trading at 2.6520 DM. It fell to a day's low of 2.6390 DM, but recovered when, dealers said, the Fed again sold dollars.

The dollar ended at 2.6410 DM, a three-penny fall from Wednesday's finish of 2.6725. Earlier in Frankfurt, it ended at 2.6648 DM, down from Wednesday's close of 2.6813 DM.

New York dealers estimated that the Federal Reserve sold a total of \$750 million for marks and yen this week. Intervention in the open market by West Germany's Bundesbank is widely believed to be greater than that.

A surprising 9.3-percent drop in September housing starts in the United States also took a toll on the dollar.

A preliminary estimate of 3.3-percent growth for the U.S. gross national product in the third quarter failed to give the dollar any comfort, analysts said.

A lot of long dollar positions were placed in the New York market yesterday after U.S. Commerce Secretary Malcolm Baldrige said he expected the GNP estimate would be revised higher, "one dealer noted."

The weaker-than-expected U.S. economic data, which included a 0.3-percent drop in September capacity utilization, combined with the central bank intervention, confirmed the dollar's down trend, analysts emphasized.

The British pound ended at \$1.4170 in New York, little changed from \$1.4130 on Wednesday. Earlier in London, it had fallen to \$1.4145 compared with its Wednesday finish at \$1.4085.

Other late dollar rates in New York, compared with late rates Wednesday, included: 1.670 Swiss francs, down from 1.6730; 8.0590 French francs, down from 8.1450; and 1,783.00 Italian lire, down from 1,803.00.

The dollar closed in New York at 214.80 against the Japanese yen, down from Wednesday's 216.45. Earlier in Tokyo, the U.S. currency finished at 216.65 Japanese yen, down from 216.40 on Wednesday.

In Europe, the dollar ended at 8.094 French francs, down from 8.173 on Wednesday; 2.175 Swiss francs, down from 2.202; and 3,000 Dutch guilders, down from 3,0245.

(Reuters, UPI)

THE EUROMARKETS

Sweden Calls \$1-Billion FRN for Redemption

By Christopher Pizzey

LONDON — The volume of new Eurobond issues remained heavy Thursday.

Sweden attracted the most attention by calling for early redemption a \$1-billion floating-rate-note issue.

West Germany Reports Rise in Producer Prices

Reuters

WIESBADEN, West Germany — Producer prices in West Germany rose 0.2 percent in September from the August level and stood 2 percent higher than in September of last year, the Federal Statistics Office said Thursday.

The price index, based on 1980, rose to 122.1 from 121.9 in August, when it had fallen 0.2 percent against July. It was 2.2 percent higher than in August 1984.

Traders noted that Sweden had consistently been obtaining funds below London interbank bid rates through auctions under a \$4-billion facility.

Sweden's straight issue pays 104 percent a year over seven years and was priced at par. With the 1% percent fees, the bond was priced to yield 30 basis points over equivalent U.S. Treasuries.

Earlier in the day, Sweden had called the floating-rate-note issue, which was to mature in 2003 and which was paying 4/4 percent over the mean of the six-month London interbank bid and offered rates. An official at the Swedish National Debt Office said the loan had become too expensive.

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ASEAN Seeks More Access To EC Markets

The Associated Press

BANGKOK — Southeast Asian countries called Thursday on the European Community to allow their goods greater access to its market and to step up European banking and investment activities in this region.

Officials of the EC and the Association of Southeast Asian Nations holding their first meeting of economic ministers, said they agreed on a wide range of world economic issues, including the start of a new round of multilateral trade negotiations to promote freer and fairer trade. But they also identified barriers to increased European investment in ASEAN countries.

Tengku Razaleigh Hamzah, the Malaysian minister who chairs the ASEAN side, said that these nations had reneged on pledges to roll back tariff and nontariff barriers to trade. Protectionism "continues to rear its ugly head in even more sophisticated forms, to prevent the sustained growth of the developing economies," he said.

He has been deeply involved in working out the numbers of Mr. Reagan's tax plan and is one of three top officials who put together the administration's semiannual economic forecasts.

The forecasts have often been derided for excessive optimism but have sometimes turned out to be more accurate than the forecasts of most private economists.

On monetary matters, some of the economists who know Mr. Johnson doubt that he has refined his position as clearly as he has on fiscal policy — the government's spending and taxation. Until he can express his views at the Senate confirmation hearing, Mr. Johnson declines to discuss such matters.

In an interview last month, however, he said: "I'm recognized as a supply-sider, and I don't mind that at all if it means reliance on free-market principles. But if 'supply side' means cutting taxes with return more revenues to the government — a position some supply-siders took in promoting Mr. Reagan's 1981 tax cuts — 'that's another matter.'"

Mr. Johnson was born in Troy, Alabama, the son of a professional photographer who is now retired. He did his undergraduate work at Troy State University. He then went to Florida State University for his master's and doctor's degrees and from there, in 1977, to George Mason University in Fairfax, Virginia, where he still lives with his wife and two children.

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U.S. Senate to Consider 2 Appointees to the Fed

Manuel Johnson Wayne Angell

(Continued from Page 11)

ventual economists. One liberal economist, Alan Blinder at the Brookings Institution, says, "I'm very disappointed to see someone so personally associated with supply-side economics on the Federal Reserve Board."

But he and others hope that Mr. Johnson's mild manner will prove him to be a more flexible governor than might otherwise be expected.

"Once he's part of the Federal Reserve System, one would hope his more extreme supply-side views would mellow," Mr. Blinder added.

Mr. Johnson, 36, is the highest-ranking economist in the Treasury. He has been deeply involved in working out the numbers of Mr. Reagan's tax plan and is one of three top officials who put together the administration's semiannual economic forecasts.

The forecasts have often been derided for excessive optimism but have sometimes turned out to be more accurate than the forecasts of most private economists.

On monetary matters, some of the economists who know Mr. Johnson doubt that he has refined his position as clearly as he has on fiscal policy — the government's spending and taxation. Until he can express his views at the Senate confirmation hearing, Mr. Johnson declines to discuss such matters.

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Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Canada

Cadillac Fairview

1st Quarter 1985 1984

Revenue 228.2 243.8

Net Inc. 22.9 24.3

Per Share 0.45 0.48

9 Months 1985 1984

Revenue 682.1 691.3

Net Inc. 68.2 69.1

Per Share 1.36 1.38

9 Months 1985 1984

Revenue 22.2 23.1

Net Inc. 22.2 23.1

Per Share 0.44 0.46

9 Months 1985 1984

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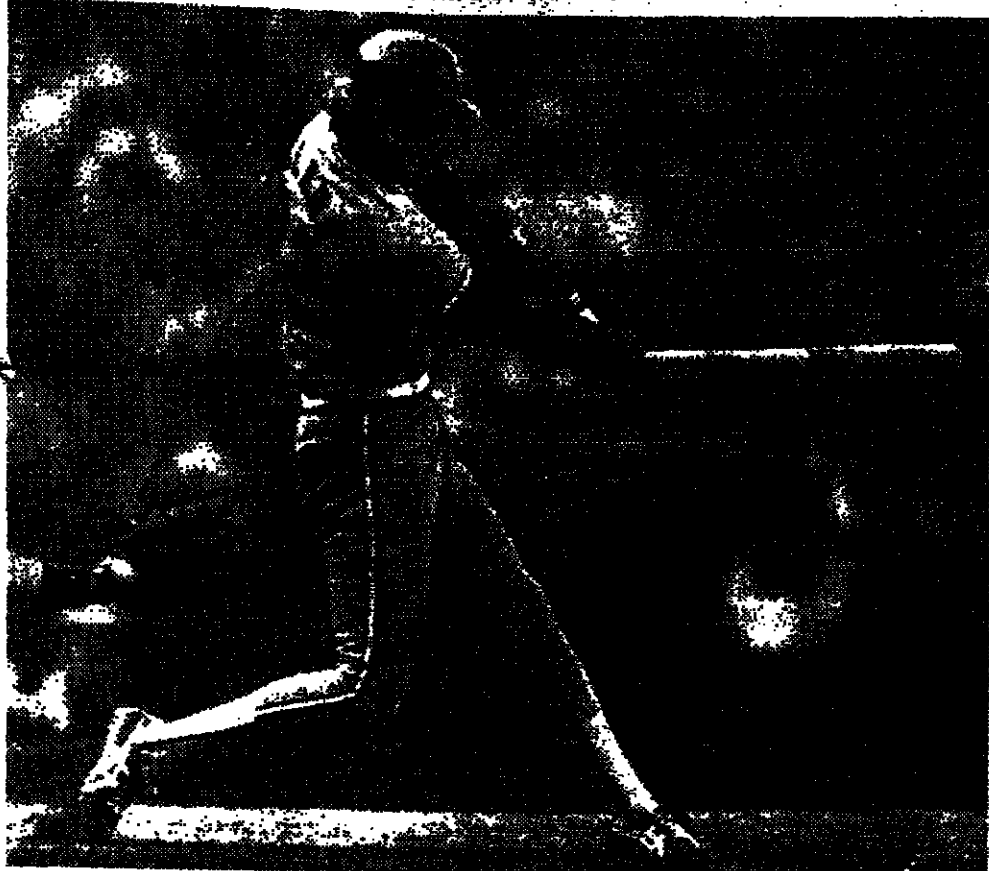
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Per Share 0.44 0.46

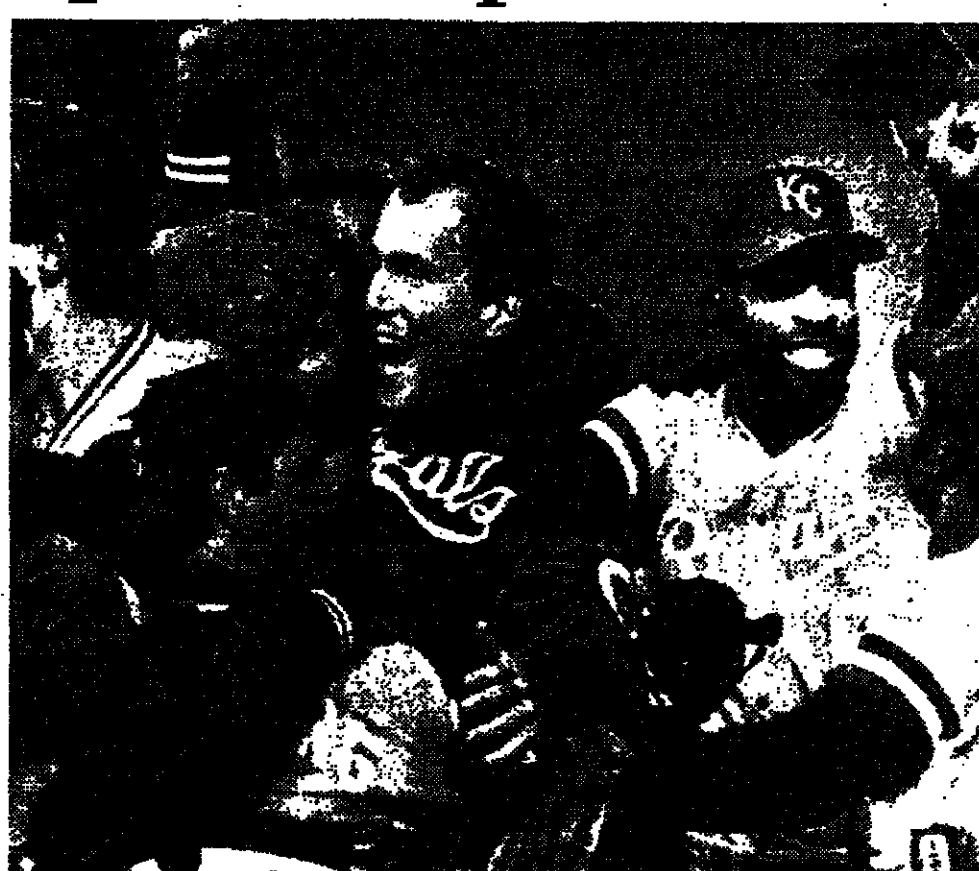
9 Months 1985 1984

SPORTS

Cardinals and Royals Triumph to Set Up an All-Missouri World Series



Jack Clark connecting in the ninth inning of Game 6 in Los Angeles.



The Royals celebrating the miracle after defeating the Blue Jays.

Clark's 3-Run Homer in 9th Gives St. Louis 6-Game Victory Over Los Angeles

By Gordon Edes
Los Angeles Times Service

LOS ANGELES — Whitey Herzog, angry because his team had to wait for some marching bands to perform when he wanted to take infield practice, refused to send his St. Louis Cardinals out for pregame introductions Wednesday at Dodger Stadium.

They need no introduction now. Just call them National League champions.

Tom Lasorda, the Los Angeles Dodgers' manager, decided not to walk Jack Clark first base open in the ninth inning, and Clark responded with a three-run home run off Tom Niedenfuer that gave the Cardinals a 7-5 victory and the league playoff series, four games to two.

Clark struck after Mike Marshall put the Dodgers ahead, 5-4, with a home run in the eighth. Marshall's homer, an opposite-field drive off

the Cardinal reliever Todd Worrell, had put the Dodgers three outs away from Game 7.

When asked if Lasorda made the right choice in letting Niedenfuer pitch to him, Clark said: "I can't answer that. Over the years, I've been an easy out for him. But they were coming after me, and I hoped they would. There are no guarantees, but I knew what my job was."

On Niedenfuer's first pitch, a waist-high fastball that split the heart of the plate, Clark sent a missile halfway up the seats in the left-field pavilion. A mission accomplished for Clark, a long day's journey into night for Niedenfuer.

"He did his job, I didn't do mine," the Dodger reliever said afterward, his back primed to his locker by a media horde, just as it had been in Busch Stadium two days before when he gave up a ninth-inning home run to Ozzie Smith.

"How would you feel?" he said. "It's just like the other day, when Ozzie hit me. It's not the highlight of my career. If that's what you mean."

Lasorda, his eyes rimmed with red and his head buried in his hands, received reporters in his office after first meeting there with team owner Peter O'Malley, who was accompanied by Mayor Tom Bradley of Los Angeles.

"Tough, God, tough — just breaks my heart," said Lasorda, who softly uttered a curse.

"It's the easiest thing in the world to say I should have walked him. But if he hit a deep fly to center field and they caught it for the third out, not one guy would say I should have walked him."

Niedenfuer said it was not his decision to make. Mike Scioscia, the catcher who had flung his mitt to the dugout floor when the inning

was over, defended Lasorda's decision.

"I don't think it was the wrong choice at all," said Scioscia, ever the loyal soldier. "I don't think the pitch selection was bad, either. I think Tom just tried to overthrow him. He was too pumped up, and the ball went down the middle instead of outside, where we wanted it to go."

Two innings before, Niedenfuer had blazed a 2-and-3 fastball past Clark, then struck out the next batter, Andy Van Slyke. That had ended a three-run Cardinal rally punctuated by Willie McGee's two-run single off Orel Hersher, the Dodger starter, and by Smith's triple off Niedenfuer that reached the right-field fence on one bounce.

Lasorda said the fact that Clark had struck out influenced his decision to pitch to him in the ninth. The inning began when the pinch-hitting Cesar Cedeno struck out

and McGee, the league batting champion, lined his third straight single.

McGee stole second; then Niedenfuer walked Smith on a full count. After Tom Herr tapped out to first baseman Greg Brock, moving the runners over, came Clark.

Herr said his heart jumped when he saw that the Dodgers had decided against an intentional walk. "I felt great when I saw they were going to pitch to Jack," he said.

While Lasorda's stratagem failed him, Herzog made his second bold decision in two games and came out a winner both times.

Herzog, who pulled Bob Fench in Game 5 after a long foul ball by Brock and wound up getting 5½ shutout innings from his bullpen, ordered Worrell to walk Pedro Guerrero to walk Mariano Duncan on third after a triple, his third hit of the day. Duncan also hit a chopper

that the Cardinal starter, Joaquín Andujar, lost in the sun and misplayed for an error, leading to two unearned runs in the fifth.

Guerrero had been given free passes all series — this was his sixth — but this time the next batter was Bill Madlock. On his previous at-bat, Madlock had homered off Andujar, his third home run in three games.

"An amazing move," Marshall said. "I thought Whitey would walk both guys to load the bases. But it worked this time."

Madlock grounded into an inning-ending double play.

Herzog knew he was taking a chance with Madlock.

"Well, the choice was to take two shots with a man on third to get two outs or shoot craps and hope to get a ground ball. Worrell made a good pitch and we were out of the inning."

Kansas City Laughs Last In Eliminating Toronto

By John Feinstein
Washington Post Service

TORONTO — It was Frank White, the Royals' second baseman, who first uttered the unthinkable thought three days ago in Kansas City.

"We've never had a miracle here," he said. "Maybe this is the year."

For the Kansas City Royals, 1985 is the year and Wednesday was the night.

Laughed at in Toronto nine days ago as a walkover for the buzzing Blue Jays, the Royals turned the seventh game of the American League Championship Series into a laughter of their own by shocking the Blue Jays, 6-2, before 32,084 spectators in Exhibition Stadium.

The victory earned the Royals their second American League pennant and made them the fifth team in baseball history to overcome a 3-1 deficit in a postseason series.

The World Series will take place in the state of Missouri between the Royals and the St. Louis Cardinals. The teams from two cities at opposite ends of Interstate 70 will begin playing for the world championship Saturday in Kansas City.

The Royals had several heroes Wednesday night.

Jim Sundberg, the catcher, drove in four runs, three with a sixth-inning triple that sent Dave Stieb, the losing pitcher, from the game.

Pat Sheridan bunted his way on base to set up the game's first run and later homered.

Bret Saberhagen, the Royals' starter, was forced to leave because of an injured hand after three innings. But Charlie Leibrandt and Dan Quisenberry combined on a gritty relief performance that shut down the potent Blue Jays.

The prevailing sentiment in Toronto on Wednesday was simple: panic. Local newspapers were filled with quotes from fans talking about chokes and collapses. This was the showdown after more than seven months of work.

"These are the nights you play the game for," said Toronto's Al Oliver, who played in a seven-game World Series for Pittsburgh in 1971. "These are the games you remember."

The first inning provided a wonderful chance for Toronto to regain

command of the series. With two men out, Saberhagen walked Rance Mulliniks on four pitches. Willie Upshaw then hit a one-hop shot to the box that smacked off Saberhagen's pitching hand.

The ball ricocheted away for a base hit as Saberhagen hopped around in pain. In Game 3, Saberhagen was hit on the leg with a shot by Lloyd Moseby. He stayed in the game and yielded a home run to the next batter, Mulliniks.

This time, after several warmup pitches, Saberhagen again stayed. On an 0-2 pitch to Oliver, the ball clearly got away from him, hitting the Toronto designated hitter on the ankle. That loaded the bases as the fans went into early delirium.

But Saberhagen hung in. He got George Bell to fly to right field and the Blue Jays, who had left 17 men on base in the previous two games, left three more.

They were even more unhappy in the second inning. With one out, Sheridan dragged a perfect bunt just past Stieb's lunge and well-shy of second baseman Damaso Garcia. He easily beat it for a surprise base hit. A slow ground ball to third by Steve Balboni moved him to second. That brought up Sundberg, who blooped a single to right that scored Sheridan for a 1-0 lead.

In the third, Saberhagen, blowing on his hand between pitches, gave up a one-out double to Mulliniks. He again escaped the inning, but not without controversy.

The next hitter was Upshaw, who hit a high bounce down the first base line. The ball took one bounce en route to first, hopped high on the artificial turf and came down just four behind the bag.

Dale Ford, an umpire, ruled that the ball had been fair when it crossed the base and called it a fair ball. Upshaw, who never had led the Royals' third base platoon hit for Mulliniks and launched a drive toward the left field seats. But the wind, blowing left to right, kept the ball in the ballpark. Wilson caught it on the warning track.

That catch proved important because Upshaw followed with a double down the right-field line. That scored Garcia to make it 2-1. Up came Cliff Johnson, 7-for-17 in the series, hitting for Oliver.

Leibrandt fell behind, 3-1. But he came back, striking Johnson out with an outside slider and a snapping curve ball that left the big man shaking his head. Oliver was visibly angered as his teammates went out to play the sixth.

Moments later, Stieb, pitching for the third time in nine days, ran out of gas. With one out, he walked Brett. He then plunked Hal McRae with a fastball. Fernandez saved him briefly, ranging deep in the hole to cut off what would have been Sheridan's third hit and force Brett.

But then Stieb walked Balboni on a 3-2 pitch to load the bases. That brought up Sundberg. On a 1-0 pitch, he lofted a triple to right field that cleared the bases for a 5-1 lead.

The Blue Jays could manage only a single run in the ninth before bringing their season to an unhappy end.

Capitals Beat Maple Leafs In Overtime

United Press International

TORONTO — Gaetan Duchesne, relying on his instincts and experience, scored the game-winning 47 seconds into overtime Wednesday night to rally the Washington Capitals to a 6-5 National Hockey League triumph over the Toronto Maple Leafs.

It was the Capitals' first victory of the season after three losses.

For the eighth time in his career, Rick Vaive scored three goals. He also registered an assist.

Vaive kept the Leafs in the game with his first-period trick. He established an early lead for Toronto and answered three goals with two of his own in 1:28. At 9:03 of the third period, Vaive set up what seemed to be the game winner. Tom Fergus scored the goal, giving Toronto a 5-4 lead.

"I was playing loose," Vaive said. "Everything was going my way. I scored three goals on four shots."

His teammate Greg Terton felt the same way until there were 17 seconds left in the game, when he was called for tripping Larry Murphy.

"I didn't even hear the whistle, let alone know that it was me," Terton said. "He just fell."

With Terton in the penalty box, the bottom fell out for Vaive and the Leafs when Mike Gartner took advantage of the power play. His goal tied the score at 5, sending the game into overtime.

This set the stage for Duchesne.



Frank Vercauteren, a Belgian forward, outstripping Michel Van De Korput of Holland in their World Cup qualifying match Wednesday in Brussels. Belgium won the first leg, 1-0.

Portugal Shocks the Soccer World

United Press International

LONDON — Firecrackers lit the Lisbon skies and traffic horns blared as ecstatic Portuguese celebrated a piece of soccer history Wednesday night when Portugal qualified for the 1986 World Cup soccer finals in Mexico.

Portugal's 1-0 victory in Stuttgart was the first time any team had ever defeated West Germany in a World Cup qualifier. Carlos Manuel's 54th-minute goal made Portugal the 13th team to book its passage to Mexico.

England celebrated in quieter fashion, but also qualified in style with a 5-0 roasting of Turkey in London.

"I'm very proud of all the players who've got to us to Mexico," said Bobby Robson, the team manager. "I'm delighted and thrilled."

Wednesday's matches brought to seven the number of European teams to qualify for the 1986 finals. Europe's assumed quota is 12, and Scotland would make it 13 if it beats the winner of the Oceania

Ban Lifted on English National Team

The Associated Press

VIENNA — The governing body of European soccer decided Thursday to allow England to take part in the 1986-88 European championships. England had been banned following a riot in Brussels last May in which 39 people were killed. Liverpool fans were accused of starting the violence.

Rudolf Rothenbuehler, press chief of Union of European Football Associations, said the group's executive committee requested the English Football Association to take adequate measures to prevent violence in and around stadiums where its national team will play.

group in a two-leg playoff early in December.

The Portuguese president, Antonio Ramalho Eanes, and prime minister, Mario Soares, set political feuding aside and hailed their praise to Stuttgart. Newspapers trumpeted Portugal's total surprise and joy at its first World Cup qualification in 20 years.

Portugal's joy was Sweden's misery. Sweden was bumped from the second qualifying spot in European Group Two — behind West Germany — after losing, 2-1, in Czechoslovakia and then having Portugal pull off its shock victory.

While England assured itself of first place in Group Three, Northern Ireland reopened the battle for the second qualifying spot with a 1-0 victory over Romania in Bucharest. The result was almost as unexpected as the Portuguese victory, and it was due largely to a brilliant performance by goalkeeper Pat Jennings.

"They were all magnificent, bloody marvellous," Northern Ireland manager Billy Bingham said about his team.

Northern Ireland needs a draw from its last match, against England in London on Nov. 13, to reach the finals. Should England win — and Robson vowed that "there will be no presents from us" — Romania will go through if it beats Turkey away.

In Group Six, the only group still with both places undecided, Denmark is virtually assured of qualifying. A 5-1 victory over Norway put Denmark in a commanding position before its away match against the Republic of Ireland Nov. 13.

The Soviet Union, following its 2-0 victory over Ireland, needs only one point from its Oct. 30 match at home with Norway to secure the second qualifying spot from the group. If it loses, Switzerland — which entertains Norway on Nov. 13 — will be back in with a chance.

Belgium, fighting Holland in a playoff, won the first leg Wednesday, 1-0. Holland, which holds the return leg in Rotterdam Nov. 20, played for most of the match with 10 men after striker Wim Kieft was sent off.

"I think it is fantastic that we stood up so well," said the Dutch coach, Leo Beenhakker. "For the first time in my career I am satisfied with a defeat."

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NHL Focus

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Vaive kept the Leafs in the game with his first-period trick. He established an early lead for Toronto and answered three goals with two of his own in 1:28. At 9:03 of the third period, Vaive set up what seemed to be the game winner. Tom Fergus scored the goal, giving Toronto a 5-4 lead.

"I was playing loose," Vaive said. "Everything was going my way. I scored three goals on four shots."

His teammate Greg Terton felt the same way until there were 17 seconds left in the game, when he was called for tripping Larry Murphy.

"I didn't even hear the whistle, let alone know that it was me," Terton said. "He just fell."

With Terton in the penalty box, the bottom fell out for Vaive and the Leafs when Mike Gartner took advantage of the power play. His goal tied the score at 5, sending the game into overtime.

This set the stage for Duchesne.

national Hockey League triumph over the Toronto Maple Leafs.

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Right Man for the Role

New York Times Service

Jeanne Moreau: Her Broadway Days of the Iguana



laxine, the flashy proprietress of ramshackle Mexican resort in Williams' 1961 play. It was, after all, the role that Bette Davis created on Broadway—a brash, nymphomaniacal older woman who's

Moreau, it becomes quickly apparent, is given to waxing philosophical. She says things like "To be an actress is to be alive." Or: "An interview is not an interview; it is a gift you give me to talk

yourself has a lot to do with feeling clean and attractive inside." Appearances (and philosophy) notwithstanding, Moreau is only half French. Her mother was an English beauty from Lancashire

she says, with a trace of snip-
piness. "You cannot. You cannot
have an affair just to have an
affair. I wouldn't do a thing like
that. People know about my rela-
tionship with Louis Malle or my

hole. They don't believe that other people will come to them. It is terrible. But life does go on. And it gives you things all the time. You gain and you lose. You gain and you lose. It is like the tide."

Publishers. Reid, who has been writing songs professionally for about five years, co-wrote five top songs: "I Never Quite Got Back (From Loving You)," "Prisoner of the Highway," "Show Her," "Still Loving You" and "To Me."

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